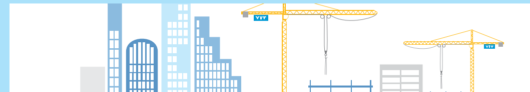
Business Review 2008

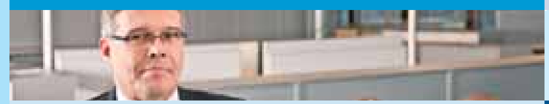
Together we can do it. YIT

Contents



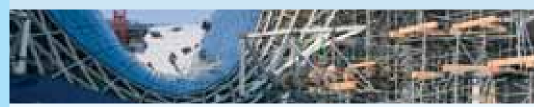
YIT is a service company that operates in 14 countries in building systems, construction services and services for industry.

In 2008, our revenue amounted to EUR 3,940 million and our operating profit was EUR 261 million. We employ more than 25,000 people.



We develop new business from a strong base

YIT's mission is to build, develop and maintain a good living environment for people. Our service offering varies by country based on the needs of the societies.



Our business segments cover the basic structures of today's technically rich living environment.

Our operations are socially, financially and environmentally sustainable.

Creating quality living environments

YIT is a leading European service company in building systems, construction services and services for industry. We create suitable conditions for the premises and support industrial operations. We construct buildings and the required infrastructure.

We build, develop and maintain quality living environments in the Nordic countries, Russia, the Baltic countries and Central Europe.

In 2008, YIT's revenue amounted to EUR 3,940 million and operating profit was EUR 261 million. The Group has more than 25,000 employees.

The company's roots extend back to 1912, when Yleinen Insinööritoimisto (the General Engineering Firm) started out in the Grand Duchy of Finland.

YIT had over 25,500 shareholders at the end of 2008. The company's shares are quoted on NASDAQ OMX Helsinki.

MISSION

We build, develop and maintain a good living environment for people.

OPERATING CONCEPT

We help our customers to use the technical living environment, invest productively and maintain the value of their investments.

WE CREATE, MAINTAIN AND DEVELOP

Management and operation of premises

- Management of conditions, energy consumption and services offered in the premises
- Building management and construction services and management of property investments

Building systems

- Heating, plumbing, air conditioning and electric systems, energy-saving solutions and automation
- Service and maintenance of technical systems

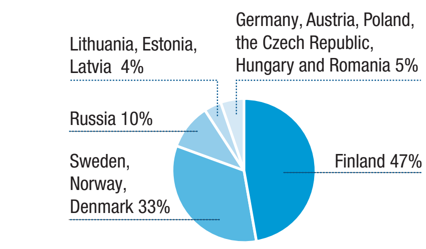
Buildings and areas

- Residential, office, retail and logistics premises, entire residential areas and leisure and service centres
- Renovation, modernisation, conversion of old buildings to new uses

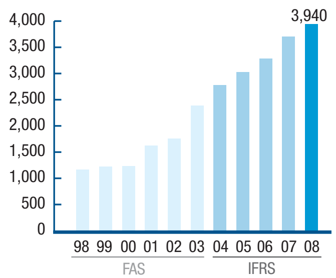
Key figures	2008	2007
Revenue, MEUR	3,939.7	3,706.5
Operating profit, MEUR	260.6	337.8
Profit for the financial period, MEUR	134.3	228.0
Operating profit margin	6.6%	9.1%
Return on investment	17.5%	26.2%
Return on equity	16.5%	30.5%
Equity ratio	30.7%	36.7%
Gearing ratio	79.8%	62.9%
Earnings/share, EUR	1.05	1.77
Equity/share, EUR	6.38	6.40
Dividend/share, EUR	0.50*)	0.80
At year's end		
Personnel	25,784	24,073
Order backlog, MEUR	3,233.7	3,509.3
Balance sheet total, MEUR	2,973.9	2,461.3
Shareholders	25,515	15,265
Market capitalisation, MEUR	576.2	1,907.0

*) Board of Directors' proposal

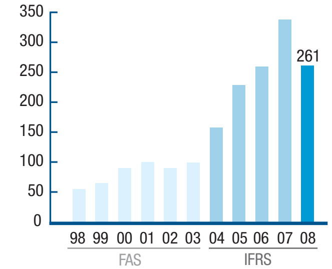
Revenue by country, %



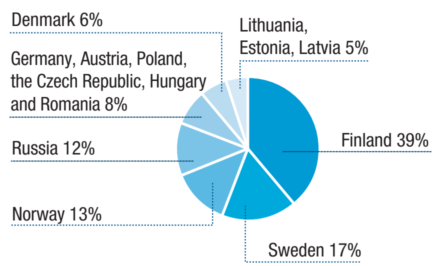
Revenue, MEUR



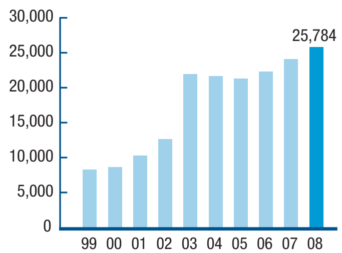
Operating profit, MEUR



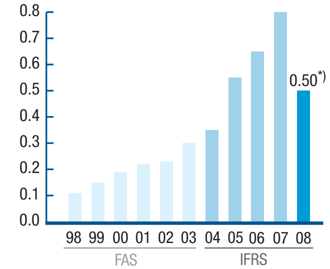
Personnel by country, %



Personnel



Dividend/share, EUR



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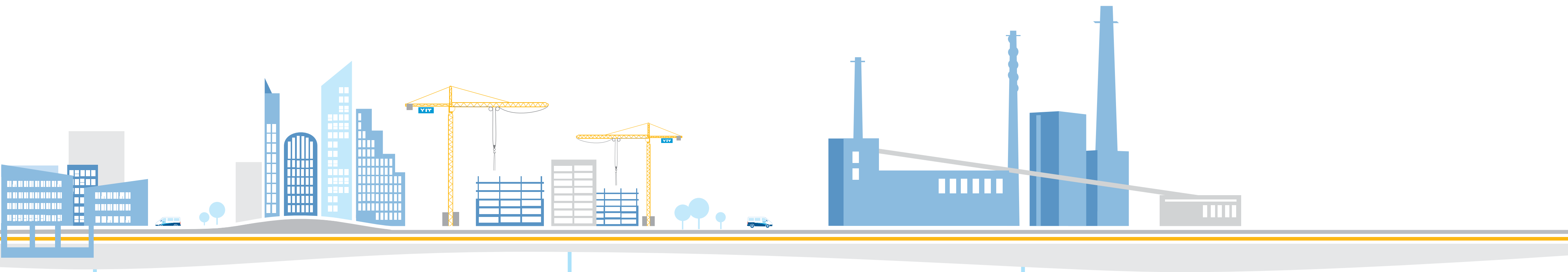


Infrastructure

- Earth, foundation, rock and water engineering, public utility works and roads, bridges, harbours, sports areas, parks and waste management areas
- Maintenance of roads, streets, railway network and bridges

Industrial partnerships

- Management and development of maintenance activities

Industrial processes

- Piping, tanks, boilers, electrical, automation and ventilation systems, energy and material saving solutions
- Maintenance, annual maintenance and modernisation of processes

EU target is to increase

energy efficiency by 20%

by 2020

YIT improves the energy efficiency of buildings and industrial processes. With correct control of building equipment systems, customers can achieve annual savings amounting to millions of euros. In industry, the annual energy saving achieved with YIT services equals the consumption of nearly 15,000 detached homes and the reduction in greenhouse gas emissions correspond to the emissions of some 30,000 passenger cars. All YIT Homes sold to consumers in Finland are built as low-energy houses, consuming 30% less energy than the current standards allow for.

Events in 2008

Building system solutions have a considerable impact on energy consumption.

YIT expanded to six new countries as a supplier of building equipment systems

YIT expanded its operations to six new countries by acquiring MCE's building system service operations in Germany, Austria, Poland, the Czech Republic, Hungary and Romania. The revenue of the purchased operations for 2007 amounted to EUR 355 million, and the number of employees transferring to YIT about 2,100. The value of the acquisition was EUR 55 million. The acquisition was completed on August 1, 2008.

Energy saving observed in all services

Building equipment system solutions, control of industrial processes and structural engineering decisions can have a considerable impact on energy consumption. YIT increased its competence in energy efficiency in all business segments through acquisitions and signed several energy saving agreements with customers. In addition, it was decided that all new YIT Homes in Finland will be built as low-energy houses.

Foothold for housing construction in Central Europe

In the International Construction Services segment, YIT bought 85% of a company that provides developer, design and project management services. The company's name became YIT Stavo and it will concentrate on residential construction in Prague.

Strategic focus area adjusted to match the challenging market situation

At the end of September 2008, YIT Group's strategic focus was shifted towards improving cash flow, adjusting the cost structure and ensuring the financial position after the economic conditions and the global financial market crisis had impacted YIT countries.

The Group implemented several quick-acting measures. The financial position was strengthened during the fourth quarter by increasing cash reserves by taking out pension loans and long-term and short-term bank loans. The need for capital was reduced by postponing housing start-ups and considerably reducing plot acquisition and other investments. In Russia, a decision was made to halt the construction in certain residential projects in the start-up phase; in these projects the sales had not yet begun. In the Baltic countries, YIT decreased actively the number of unsold residential units. The closing of the sales of several business premises were realised successfully. The Group carried out measures to cut EUR 40 million in fixed costs on annual level. In procurement, purchase agreements were adjusted to the market conditions.

Towards the end of the year, the focus was shifted from adjusting the cost structure through rapidly effecting measures to strengthening sales and developing operations.

Changes in YIT's management

In November, the Board of Directors of YIT Corporation appointed Juhani Pitkäkoski, LL.M., as the President and CEO of YIT Corporation. He is the President of YIT's largest business segment Building Systems and has been employed by YIT Corporation since 1988. Kari Kauniskangas, M.Sc. (Eng.), B.Sc. (Econ.) was appointed as Executive Vice President and Deputy to the President and CEO. He will continue as head of International Construction Services business segment and he has been employed by YIT Corporation since 1997. Former President and CEO Hannu Leinonen resigned from YIT.

Number of shareholders increased

The number of YIT shareholders increased by over 10,000 in 2008. At the end of 2008, YIT had 25,515 shareholders. Structor became the largest shareholder, with over 10% of YIT shares. Of YIT shares, slightly less than 37% were held by foreign shareholders.

Additional information:

Releases published in 2008 are available on YIT's internet site www.yitgroup.com.

The extension of YIT's Head office in Helsinki, Finland, was finished in December 2008.

We will leverage new opportunities offered by the market situation

The rapid weakening of the world economy as a result of the financial crisis led to a decrease in the demand for investments and in particular the housing market in all the countries where YIT operates. In the autumn, we took determined measures to strengthen our cash flow and maintain our competitiveness. We adjusted our operations rapidly to match the demand and strengthened our financial position. During the summer, we expanded our operations to Germany, Austria and certain Central European countries.

Our revenue increased by 6 per cent. The Group's operating profit (EBIT), however, decreased to 6.6 per cent of revenue. The profitability of Industrial Services and our largest segment, Building Systems, remained at the previous year's level. Excellent success was met in the construction of infrastructure and business premises. A shift of production towards rental housing production was initiated, but a rapid decrease in the demand for owner-occupied housing impaired the profitability of Construction Services Finland on the whole. Residential sales went well in the Baltic countries, but International Construction Services' profitability remained at a modest level due to the soft construction market of the area and the rapid slackening of residential sales in Russia.

It is still too early to predict the duration of the recession, but the operating environment will be more challenging this year than the last one. We will intensify our sales efforts, decrease working capital, ensure our competitiveness with an extensive development programme and leverage the opportunities offered by the change in the market conditions. History has shown that companies with a solid corporate culture and sustainable demand based on real needs remain as the top companies in their fields both during and after economic downturns. We intend to continue being one of those companies.

Developing new business from a strong base

The majority of our revenue, more than 80%, is generated in the Nordic countries, Germany and Austria. In this area, the majority of our operations are comprised of building equipment systems and industrial services, and a half of the revenue of these operations is generated by modernisation and maintenance-related work. During a recession, investments decrease but maintenance operations continue steadily.

Growth in sustainable energy production and energy saving investments motivated by climate change also provide us with new business opportunities. We will continue to expand deliveries of technical solutions that aim at energy saving to industry and property owners, as we have during the past few years, throughout our areas of operation.

We will strengthen the construction of infrastructure and rental housing in Finland

In Finland, we have succeeded in rapidly shifting our production from privately financed owner-occupied housing towards privately financed and state financed rental housing. Last year, we constructed and sold 350 rental residential units to institutional owners. So far, we have made preliminary agreements on starting-up the construction of 1,350 rental residential units during this year on YIT's plots. This aims to compensate for the impact of decreased privately financed housing production on revenue and the employment of our builders. The recession will strongly decrease the demand for the construction of business premises during 2009. The outlook for civil engineering is stable or favourable. New residential start-ups have decreased rapidly after summer 2008, so the sparse offering will quickly lead to brisk price increases once the recession is over.

We have a long-term approach in the Russian market

We have reacted rapidly to the cyclic softening of the demand for housing in Russia by temporarily suspending new start-ups and diminishing land acquisition. We will finalise the sites that are on sale. We have operated in Russia continuously since 1961 in various economic conditions and we know the market and the customer base. When the world economy recovers, the energy price development will quickly refresh the Russian economy. At that point, housing demand and prices will begin to return to the growth track based on a true shortage of housing in major cities and the need for renovation and modernisation of the old building stock.

10,000 new private shareholders

The shareholding of international and other nominee-registered investors in YIT decreased from 53% to 37% during 2008. Following the decrease in share price, thousands of private investors seized the opportunity, and the number of private shareholders increased to 25,000 last year. I wish them all welcome among our shareholders.

Dividend proposal EUR 0.50

The Board of Directors has proposed to the Annual General Meeting in accordance with our dividend policy that a dividend of EUR 0,50 be paid. The purpose is to maintain the solid financial position and secure the best possible resources for the development of the company.

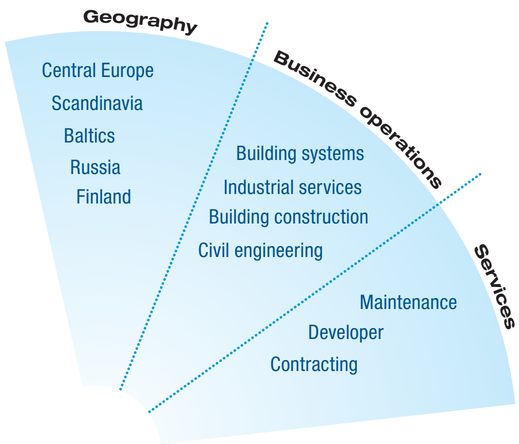
Dear customers, shareholders and partners, I thank you for your confidence in our operations. I also thank all YIT employees for their contribution to our mutual success.

Juhani Pitkäkoski
President and CEO

Balanced business structure presents opportunities

YIT's business structure has been developed to be more balanced and tolerant of economic fluctuations. Profitable growth has been achieved by expanding geographically, extending the business offering and adding comprehensive services to all investment phases.

STRATEGIC FOCUS AREAS



GEOGRAPHY

Services to meet society's needs

YIT's roots are in Finland, where the company was established in 1912. In Finland, YIT is the market leader in all its fields of business – as an implementer of building equipment systems, constructor and in industrial services.

The service portfolio has been expanded to cater to new markets as societies and needs evolve.

Building equipment services are offered throughout YIT's area of operations. They have been increased the most in the Nordic countries and by expanding in Central Europe through acquisition. The building equipment systems' offering has been increased in countries where the requirements on the technical equipment level of buildings are increasing and the existing building stock requires service and maintenance. In the Nordic countries, YIT is the largest supplier of building equipment services. A strong foothold has been gained in Central Europe.

YIT has expanded its offering of construction services to countries where the basic infrastructure of the society is being intensively developed. Construction of housing, retail and business premises has been increased in Russia in particular. Of the countries in Central Eastern Europe, YIT expanded to the Czech Republic first. Construction services are offered in countries where people need to improve the quality of living conditions, migration to cities is high and the demand for retail premises is on the increase. YIT is the leading foreign-owned housing construction company in Russia.

BUSINESS OPERATIONS

Cash flow-producing and more investment-intensive operations

The Group's business offering has been expanded so that services can be offered to all parts of the technical living environment as technologies develop. YIT carries out infrastructure projects, builds housing and other buildings and provides installation, maintenance and expert services for industrial processes and buildings' technical solutions. By expanding the business offering, a balance has been maintained between low capital-intensive business operations and more investment-intensive business operations.

The majority of YIT's business is labour-intensive; installation and maintenance services connected with building equipment systems or industrial processes, and infrastructure construction and tender-based projects. In these services, the need for investments is low and return on capital is high. They generate cash flow effectively.

Slightly under a third of revenue in 2008 was generated by more capital-intensive operations, residential developer-contracted projects and real estate development projects, where capital is needed for plot reserves and building up the sites. In the more capital-intensive operations, the long value chain offers opportunities for higher profitability.

SERVICES

Long-term agreements, long value chain

The service offering has been expanded so that YIT's competence can be utilised in full for the good of the customers. Business operations will focus on long-term service agreements and projects extending over the entire value chain.

Long-term cooperation is made with customers regarding the maintenance of e.g. buildings, industrial plants and roads. A long-term agreement makes it possible to refine the cooperation and adapt the service according to the customer's business operations and needs. Servicing and maintenance services that are based on long-term service agreements or other orders accounted for 33% per cent of the Group's revenue in 2008.

In housing and building development projects, YIT is responsible for the entire chain from site planning and acquisition of the plot to sales of the flats or premises. Extensive solutions are implemented to develop entire residential, office and industrial areas and city centres. In life cycle projects, YIT assumes responsibility for the entire investment also during its useful life, i.e. is responsible for planning and realising the project as well as providing maintenance and managing services during its use.

Majority of YIT's business is labour-intensive; installation and maintenance services connected with building equipment systems or industrial processes, and infrastructure construction and tender-based projects.

We offer building system services in all fourteen of YIT's operating countries. The offering has been increased most strongly in Nordic countries and Central Europe.

Construction services are offered in Finland, Russia, Lithuania, Estonia and Latvia as well as in Czech Republic. Operations have been expanded rapidly in Russia.

Within industrial services the area of operation includes Finland, Sweden and Russia. On a project-basis deliveries are carried out to different parts of the world.

TRENDS IN DEMAND FOR SERVICES

Prevention of climate change contributes to the business opportunities of YIT's industrial and building equipment system services. Regulations enforced due to climate change will increasingly lead to pursuit of energy efficiency. Building equipment system solutions, control of industrial processes and structural engineering decisions can have a considerable impact on energy consumption. Buildings consume approximately 40 per cent of all energy, industry slightly over a quarter.

Consumer behaviour is undergoing change. Purchasing services is becoming more commonplace, and people want to express their individuality through housing, for instance. The demand for rental housing, housing for senior citizens and leisure homes will increase. As needs become more differentiated, entire residential areas and housing units, their furnishings and service offering will be developed and diversified.

Public institutions are seeking new methods for realising their service production. The public sector has financing problems in various countries where YIT operates. Cities and municipalities are attempting to streamline their operations by opening up the production of services to competition. In addition to service and maintenance services, there is demand for a variety of life cycle responsibility models and energy saving solutions, extensive regional development projects.

STRATEGIC TARGET LEVELS WERE RENEWED

The Board of Directors of YIT Corporation confirmed the financial targets for the strategy period 2009-2011 on February 5, 2009. The changes in the targets emphasise the importance of the profitability development and capital expenditure efficiency as well as positive cash flow in today's market conditions.

The cash flow target was set for the first time at Group level. The previous numerical revenue growth target of 10 per cent on average per year was abandoned. The return on investment target was set at 20 per cent, versus the previous target of 22 per cent. The targets for equity ratio and dividend payout remained unchanged. The operating profit target of 9 per cent of revenue was abandoned.

The company's aim is to maintain good competitiveness in the tightening market conditions.

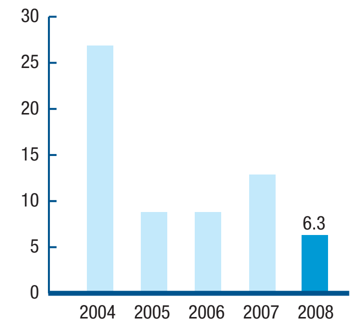
Market opportunities that are interesting to YIT will open up as public investments and rental housing production increase and the refurbishment, servicing and maintenance operations and investments in energy sector continue brisk.

Long-term financial targets
Positive revenue growth
Return on investment 20%
Operating cash flow after investments sufficient for dividend payout and reduction of debt
Equity ratio 35%
Dividend payout of 40-60% of net profit for the period.

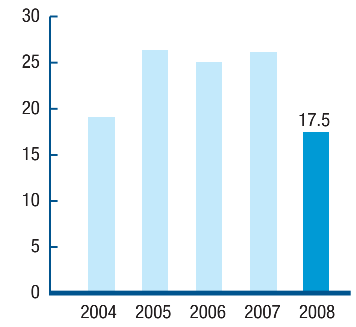
Additional information

Changes in the financial targets are presented on YIT's Internet site www.yitgroup.com.

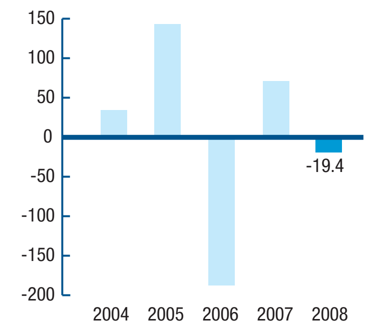
Revenue growth, %



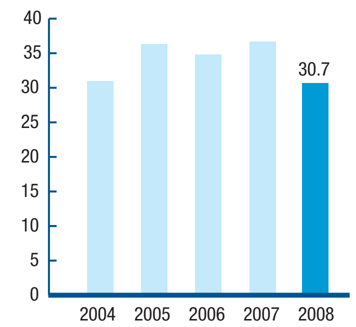
Return on investment, %



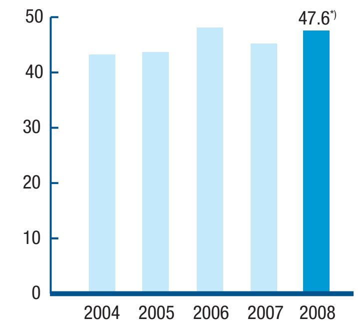
Operating cash flow after investments, MEUR



Equity ratio, %



Dividend payout, %



*) Board of Directors' proposal

Building stock is growing only 1%–2% annually

33% of YIT business operations is service and maintenance business

When the amount of new buildings is low, maintenance of the existing building stock is significant in terms of the well-being of people, maintaining the value of the building and energy consumption. Correct servicing decreases system malfunctions, makes energy use more efficient and keeps the conditions in the building as desired. About half of YIT's building and industrial services are connected with the servicing and operation of systems. Maintenance has been outsourced to YIT at several industrial plants. YIT is also the largest private maintainer of roads in Finland.

Business segments cover today's technically rich living environment

We provide installation, maintenance and consultancy services. We take care of the technical operability of the property and the comfort provided by the building systems. We support the efficiency of industrial processes. We also build residential buildings and other properties, entire areas and the required infrastructure.

Building Systems

- All building equipment system solutions
- Repair and maintenance of building equipment systems
- Energy-saving and expert services

Area of operation
- Sweden, Norway, Finland, Denmark, Germany, Austria, Poland, the Czech Republic, Hungary and Romania, Russia, Estonia, Latvia, Lithuania

Customers
- Developers and construction companies
- Property investors and owners
- Property service companies and building managers
- Public institutions
- Industry

Industrial Services

- Project deliveries to industry
- Industrial maintenance
- Energy-efficiency services

Area of operation
- Finland, Sweden and Russia, other countries on a project-specific basis

Customers
- Forest industry
- Energy industry
- Metal industry
- Process industry
- Food industry
- Marine industry

Construction Services Finland

- Residential units and entire areas
- Retail and business premises
- Civil engineering

Area of operation
- Finland

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

International Construction Services

- Residential units and entire areas
- Retail and business premises

Area of operation
- Russia, Lithuania, Estonia, Latvia and the Czech Republic

Customers
- Households
- Property investors and owners
- Business premises users

Business segments 2009

At the beginning of 2009, the Building Systems and Industrial Services segments that offer technical installation and maintenance services merged to form a new segment, Building and Industrial Services.

KEY FIGURES

	Building Systems *)			Industrial Services **)		
	2008	2007	Change	2008	2007	Change
Revenue, MEUR	1,975.0	1,650.0	20%	429.7	489.8	-12%
- Share of maintenance and servicing, %	53%	63%		48%	58%	
Operating profit, MEUR	131.8	112.2	17%	30.2	41.2	-27%
Operating profit margin, %	6.7%	6.8%		7.0%	8.4%	
Return on investment, % ***)	51.8%	55.3%		74.6%	102.1%	
Order backlog Dec 31, MEUR	841.9	707.7	19%	208.3	219.2	-5%
Personnel Dec 31	15,334	12,646	21%	3,554	4,663	-24%

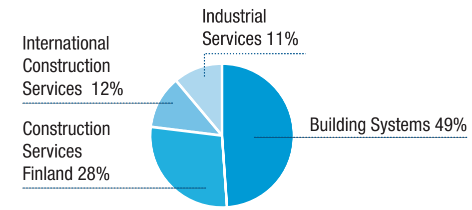
	Construction Services Finland			International Construction Services		
	2008	2007	Change	2008	2007	Change
Revenue, MEUR	1,147.9	1,158.2	-1%	493.5	486.1	2%
- Share of maintenance and servicing, %	6%	5%		-	-	
Operating profit, MEUR	111.7	133.5	-16%	9.0	67.2	-87%
Operating profit margin, %	9.7%	11.5%		1.8%	13.8%	
Return on investment, % ***)	28.0%	35.3%		1.7%	13.9%	
Order backlog Dec 31, MEUR	874.2	1,183.8	-26%	1,369.3	1,462.7	-6%
Personnel Dec 31	3,271	3,431	-5%	3,277	2,988	10%

*) Operations acquired from Central Europe were transferred to YIT on August 1, 2008. Revenue of these business opertions in August–December was EUR 182.6 million, order backlog at the year's end EUR 265.6 million and the number of employees 2,094.

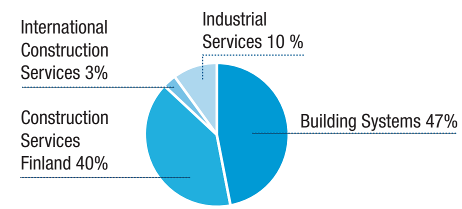
**) The Network Services division formerly in the segment was divested at the end of 2007. Network Services' revenue for 2007 amounted to EUR 77 million. The operating profit 2007 includes positive non-recurring items of EUR 14.4 million from the divestment of Network Services division and EUR -1.0 million due to costs from restructuring of the Network Services division. As a result of the sale of the Network Services division, approximately 1,000 employees left YIT.

***) The method of presenting intra-Group financial items in the segments has been revised. The comparison figures have been adjusted according to the same principle.

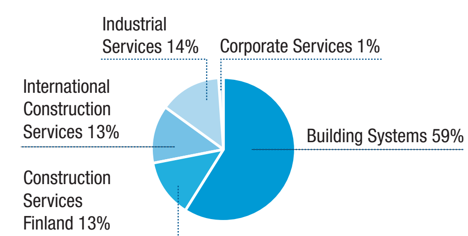
Revenue by business segment



Operating profit by business segment



Personnel by business segment



Modern building systems specialist in 14 countries

Through building equipment system solutions and appropriate use of equipment, we create and maintain the desired conditions inside properties. YIT is the largest provider of building equipment system services in the Nordic countries and the largest company in the field in Lithuania. A strong foothold has been gained in Central Europe.

Extensive service offering

The amount of technical equipment in buildings is increasing and the solutions are becoming increasingly complicated. The building equipment system market is very fragmented. There are a lot of small local players in all of YIT's areas of operations, which focus on offering only certain technical solutions.

Our aim is to offer comprehensive service that covers all technologies connected with buildings throughout their life cycles. In building equipment projects, the focus is on extensive implementations covering all systems and so-called Design & Build deliveries where the customer specifies the project basis, while YIT assumes responsibility for planning, realisation and, if necessary, also management services.

Long-term service agreements

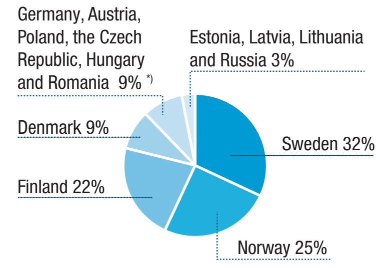
The building stock is growing only slightly in several North European countries. It is essential to service and maintain existing buildings and modernise their technical solutions. The demand for service and maintenance is developing more steadily than investments.

In our building equipment services, 53% of revenue in 2008 was generated by service and maintenance activity. Business operations emphasize long-term service agreements with the possibility of achieving results through cooperation and in-depth understanding of the customers' needs. As an industry professional, YIT can strengthen its service operations through e.g. information management, remote monitoring and mobile devices.

Solutions to improve energy efficiency

Climate change and more intense regulation have increased the demand for energy-efficient systems. In improving the energy efficiency of premises, it is essential to choose the right solutions and service and maintain the equipment correctly. Building automation, with which various building systems are integrated into a single entity, is in a key role. With monitoring and control systems, the equipment can be adjusted so that the conditions remain under control and energy is used as efficiently as possible. YIT has the opportunity to develop new solutions and services, selecting the best practices and competencies from each of the countries where it operates.

Building Systems revenue 2008



*) Operations acquired from Central Europe were transferred to YIT on August 1, 2008.

SERVICES

Building equipment systems

Building equipment systems include heating, plumbing, air conditioning and electric systems, refrigeration solutions, access control, fire safety, intruder alarm, telecommunication and antenna systems and the automation systems controlling them, making it possible to optimise the aggregate and control it cost-efficiently. Total technical solutions include the planning and design of various systems.

Repair and maintenance of building equipment systems

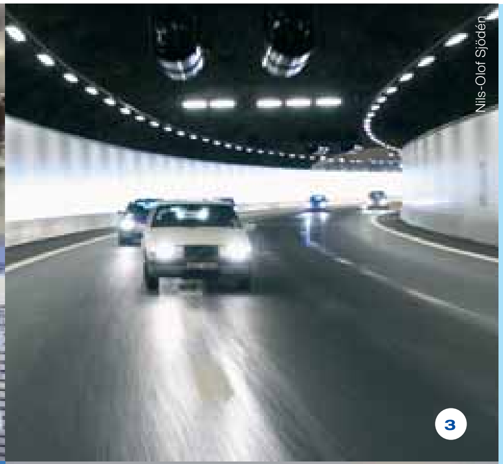
A preventive maintenance programme is compiled for building equipment, on which the building equipment system maintenance is based. Proper services reduces malfunctions in the systems and prevents the emergence of faults. It prolongs the equipment's service life and aids in maintaining the desired conditions in the buildings. Preserving the condition and value serve both the property users and owners.

Energy-saving and expert services

Facilities management includes the administration of services required in office and business premises and ensuring the proper maintenance and care of the property. Particular expertise is offered in e.g. energy services, which include comprehensive analysis of the property's energy consumption, solutions that boost energy efficiency, services related to the management of energy consumption, and protecting energy procurement from fluctuations in price.

Services are offered throughout YIT's area of operations: in the Nordic countries, Baltic countries, Russia and Central Europe. Through acquisition, YIT expanded its area of operations to six countries in Central Europe in August 2008.

At the beginning of 2009, the Building Systems and Industrial Services segments that provide technical installation and maintenance merged into a new segment: Building and Industrial Services.



1. Building systems in a crystal world

YIT modernised a "chamber of wonder" in Swarovski's crystal world in Tyrol, Austria, and supplied the entire electric system for new showrooms. A low-voltage switchboard, cabling, audio technology, automated fire alarm system and all the safety systems required by high-risk premises were installed in the premises

2. Utilising rainwater

The PalaisQuartier constructed in the centre of Frankfurt, Germany includes, e.g., a modern shopping centre and two tower blocks for offices and a hotel. YIT is in charge of all building equipment systems in the entity. Extraordinary energy solutions are implemented in the PalaisQuartier. Energy can be stored in the buildings and utilised in different parts of the complex. Collected rainwater is utilised in cooling and as flushing water in toilets.

3. Installation work leading to an extensive maintenance contract

Cooperation with the Swedish Road Administration on the Göta tunnel began with technical and mechanical installations. The cooperation was then extended to a road project, with a five-year contract on the management and maintenance of the technical systems. The area of responsibility has been expanded to cover Gothenburg city information points and sewage pumps. In 2008, YIT also adopted the responsibility for the technical systems and safety solutions of the Gnistängs and Tingstads tunnels.

4. Energy efficiency specialist

YIT is a significant actor in energy solutions in several countries where it operates. New energy saving agreements were signed in all Nordic countries. In addition, investments that pay themselves through reduced energy consumption were realised. An ENOVA agreement has been signed in Norway, making it possible to receive funding from the Norwegian state for energy saving solutions implemented by YIT. In Finland, an acquisition strengthened YIT's competence in building automation, a central issue in improving the energy efficiency of building equipment systems.

Leading industrial services expert

We help industry to improve its operational efficiency, productivity and reliability. YIT is the leading Nordic provider of services for industry in its product areas.

Making the process independent of fuel oil

A comprehensive project to increase energy efficiency was implemented for Tetra Chemicals in Kokkola, changing the heavy oil-fired evaporation plant of the calcium chloride factory to a steam-powered one. This project allows the use of heavy oil in the process to be abandoned altogether, with steam now fulfiling the thermal power required in the process. Energy consumption will decrease by a total of approximately 33,000 MWh per year, corresponding to the energy needs of some 1,600 detached houses.

Partner in industrial maintenance

The demand for the maintenance of industrial production processes increases hand in hand with the increasing utilisation rate of a plant or age of the equipment. YIT is one of the major players in industrial maintenance in Finland. Our strengths as a provider of industrial services include an excellent knowledge of customers' processes and local operations situated close to customers. In the business operations, the emphasis is on long-term service agreements and end-to-end partnership agreements, whereby YIT assumes responsibility for the management and development of maintenance operations as well as the operative maintenance work. Services are offered to a wide variety of industries, e.g. forest, metal, process and energy industry.

Industrial investment project expertise

Industrial investment projects require demanding planning and highly specialised competence. YIT is the market leader in implementing industrial investment projects in Finland. We focus on end-to-end deliveries in which we can harness our wide-ranging service portfolio. Our areas of excellence include demanding high-pressure piping systems, prefabrication at our workshops and electric automation and ventilation projects. In high-pressure piping projects, we are one of Europe's major players.

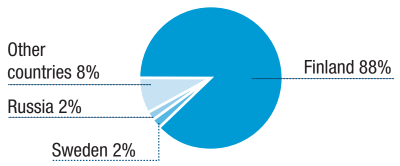
Efficiency and savings through energy services

It is possible to improve the energy and material efficiency considerably through investments and planned industrial maintenance. Boosting energy efficiency lowers operating costs and reduces greenhouse gas emissions.

YIT is a forerunner in energy efficiency services for industry. The clientele consists mostly of pulp, paper metal and chemical industries, which consume 80% of the energy used in Finnish industry.

As the market leader, we have implemented approximately 30% of investments aimed at improving the energy efficiency of Finnish industry. The customers' annual energy consumption has decreased by nearly 300,000 MWh, which corresponds to the annual energy consumption of some 15,000 detached houses. Carbon dioxide emissions have been cut by approximately 100,000 tonnes per year. This corresponds to the yearly emissions of some 30,000 passenger cars.

Industrial Services revenue 2008



We offer industrial services in Finland, Russia and Sweden and on a project basis all around the world.

At the beginning of 2009, the Building Systems and Industrial Services segments were merged into a new segment: Building and Industrial Services.

1. Over 1,000 tonnes of piping to United Kingdom

A significant piping project was implemented for Siemens Plc at the Marchwood natural gas combined cycle power plant in Southampton, United Kingdom. The project included e.g. the design, materials, prefabrication and installation of the distributing mains and low-pressure pipings. The pipings, weighing in excess of 1,000 tonnes, were fabricated in Ylivieska, Finland and their installation provided jobs for over 200 people at the site. Siemens Plc also ordered a similar piping delivery for the Severn Power natural gas combined cycle power plant in Uskmouth, Wales.

2. Close collaboration in maintenance

Planning of the maintenance of Forchem's tall oil plant in Rauma, Finland began with the customer already during its construction, which made it possible to specify the best solution in terms of the plant's competitiveness and production reliability. YIT has assumed comprehensive responsibility for the maintenance of the plant and its development from the construction phase and has taken part in realising projects associated with the expansion of production.

SERVICES

Project deliveries to industry

Various piping system, boiler and tank projects are delivered to industry. Services cover everything from prefabricated piping and boiler components to end-to-end projects comprising design, materials, fabrication and installation. Services also include design and installation of industrial electricity, automation, ventilation and energy and material-saving solutions.

Industrial maintenance

Maintenance services cover planning, management and implementation of mechanical, electrical and automation maintenance. The service offering includes both end-to-end maintenance partnership agreements, separate servicing and maintenance measures and modernisation projects.

Energy-efficiency services

We offer services for making industrial energy and material use more efficient. Different types of renewal investments and planned maintenance can be used to cut a plant's operation costs and greenhouse emissions.

Large and versatile constructor in Finland

We construct the necessary infrastructure for living, working and business environments as well as the functional technical infrastructure. YIT is the largest construction company in Finland.

Building of first low-energy houses begins
In Finland, all new YIT homes will be built as low-energy houses, consuming about 30% less energy than buildings realised in accordance with current construction standards. Construction of the first sites started in (1) Siilinjärvi and (2) Mikkeli.

Partner in infrastructure projects

The demand for civil engineering projects is stable. Significant investments in e.g. traffic infrastructure can be expected in the next few years. Restructuring of the municipal service structure opens up markets for outsourcing of technical services and cooperation agreements.

YIT has a solid market position in civil engineering. In the municipal sector, we have signed an agreement on the outsourcing of technical administration with the municipality of Inkoo and established a joint venture with the city of Mikkeli. YIT is the largest private maintainer of roads in Finland.

Functional premises

Structural changes in society as well as companies' needs for investing in the quality of their premises create demand for various business premise projects.

As a builder of office, business and logistics premises, one of our strengths is extensive competence in all project phases – from land acquisition and realisation to customer service and sales as well as the leasing of the premises. We construct new buildings both as commercial real estate development projects on YIT plots and as customer agreed contracts. We carry out renovations and also convert old premises to suit new uses.

SERVICES

Residential units and entire areas

Residential units are constructed as developer-contracted projects, whereby YIT is in charge of the end-to-end realisation of the project from plot acquisition to sales. Our services include also contract projects, whereby we construct for example rental housing for an investor.

In regional development projects, we collaborate with the land owner as a strategic partner to cities and municipalities in developing areas or neighbourhoods. We construct residential units and plan, and implement other services in the areas.

Retail and business premises

We construct office, retail and logistics premises and leisure centres. We engage in overhaul and renovation of buildings.

In real estate development projects, YIT develops the business idea in cooperation with the users and carries out the entire implementation. Typically, the premises are sold to a property investor and leased to users.

In co-operation projects with cities we aim to improve the service offering and increase the city's appeal.

Civil engineering

We offer infrastructure-related construction services, including earth construction and foundation engineering, piling and foundation reinforcement, rock and water engineering, public utility works and construction of roads, bridges and rock chambers. We also maintain and renovate roads, streets and the rail network and related structures, such as bridges. Service offering for municipalities is versatile; it is possible to outsource all of the technical administration to YIT.

Housing units for various needs

The degree of urbanisation is low in Finland by international standards. Migration to cities maintains the demand for housing in the long-term. The demand for rental housing will increase in the largest cities and their neighbouring municipalities. The housing needs become more differentiated.

YIT is the market leader in residential construction. We create residential units and entire complexes tailored to different needs and life circumstances. In 2008, we signed preliminary agreements with IceCapital on building more than 700 rental housing units and with VVO on more than 200 housing units. We build holiday homes next to popular attractions, close to services, and offer off-the-shelf interior and service concepts and rental opportunities for them. We also implement housing units and service concepts particularly for the ageing population.

Low-energy homes

YIT's response to the challenges presented by climate change is to build all Finnish YIT Homes sold to consumers as low-energy buildings that consume less energy than current regulations allow. The building's heat insulation and heat recovery is improved. The temperature of staircases is lowered. The degree of building automation is increased. Flat-specific water consumption meters are installed in the flats. Parquetry, sauna benches and furniture made of tropical wood will not be used in YIT Homes.

Development of extensive areas

YIT cooperates with several cities to develop residential areas and city centres. The purpose is to develop the commercial and tourist appeal of the cities and offer versatile housing alternatives. Implementing more comprehensive entities makes it possible to take environmental aspects into consideration not only in housing, but also in the organisation of facilities and traffic, energy production and water and waste management.

3. Successful cooperation in Riihimäki

The Riihimäki railway station area is one of the busiest intersections of public transportation in southern Finland. YIT has implemented the Travel Centre in cooperation with the Riihimäki municipality and real estate owners, which will total 10,000 m^2 of retail and office space and 450 parking spaces. The protected and valuable station building will be connected to the new sections. As part of the extensive project also business premises and premises for cultural and other events were developed in the city centre. The purpose is to increase the appeal of the Riihimäki region and improve the service offering.

4. Functional and safe travel arrangements

YIT and the Finnish Road Administration, Uusimaa Region, signed an agreement on a sizeable four-year road construction project to improve the functioning of the Kehä I ring road in Leppävaara, Espoo. A tunnel and two flyover junctions will be built. The project will be completed in 2012.

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Living space in Russia
is smaller than
elsewhere in Europe

YIT has operated in Russia for nearly 50 years

The strengthening of the middle class and the desire to improve the quality of living will create the need for residential construction in Russia in the long-term. YIT is one of the largest foreign-owned residential construction companies in Russia. We help facilitate housing loans by cooperating with several banks. Moving to a new home is made easier also by constructing residential units that are partly or fully finished contrary to the local practice.

Experienced implementer of property development projects

We construct housing and premises both as own development projects and as construction contracts. Development projects make it possible to utilise our extensive competence in various phases of the process, which makes operations and risk management more efficient. Our strengths as a construction company are in management of the service chain extending from the acquisition of plots and implementation to customer service and sales and after-sales services and partly to maintenance.

Development of business idea ▶	**Land or property acquisition** ▶	**Land use plan development** ▶	**Site planning** ▶	**Construction** ▶	**Selling of residential units or leasing of premises** ▶	**After-sales marketing** ▶	**Maintenance and premise services**

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

Construction project

Construction of a typical residential project takes approximately one year in Finland and the Baltic countries. In Russia, the residential sales are mostly realised at the end of the project. The construction of a typical residential project takes approximately 2.5 years, due to the large size of the sites.

Plot reserve

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

Capital tied up in plot reserves at the end of 2008 amounted to EUR 350.5 million (EUR 344.3 million) in Finland, EUR 145.7 million (EUR 162.9 million) in Russia and EUR 83.2 million (EUR 70.3 million) in the Baltic countries.

Finishing of residential units

In Finland, residential units are fully equipped, including e.g. modern data networks. In Russia, residential units are typically handed over to the buyers unfinished – that is, surface materials, kitchen and sanitary fixtures are not installed. YIT aims at increasing the number of partly and fully-finished residential units sold in Russia. Residential units are available with three levels of finishing: fully finished and furnished, filler surfaced and rough surfaced. In the Baltic countries, residential units are sold finished – with or without fixtures.

Plot reserves, December 31, 2008 (December 31, 2007) Building rights and planning potential

1,000 m² of floor area	Finland	Russia	Lithuania, Estonia, Latvia
Residential plots	1,770 (1,735)	2,256 (1,915)	398 (420)
Business premise plots	827 (839)	565 (521)	62 (23)
Total	2,597 (2,574)	2,821 (2,436)	460 (443)

Residential construction in 2008 (2007)

Number of residential units	Finland	Russia	Lithuania, Estonia, Latvia
Sold	1,920 (2,733)	2,793 (2,168)	733 (372)
Start-ups	1,542 (2,424)	3,622 (4,441)	0 (541)
Completed	2,464 (3,011)	2,600 (1,573)	736 (1 090)
Under construction at year's end	1,887 (2,809)	8,407 (9,870)	592 (1 328)
Under construction and unsold at year's end	760 (1,189)	5,287 (7,179)	115 (929)
Completed and unsold at year's end	358 (280)	247 (11)	181 (100)

In Russia, slight changes in the number of residential units may take place after the start of construction due to the dividing or combining of residences. Due to uncertainties in the market situation, YIT has halted the construction in certain residential projects in the start-up phase; in these projects the sales had not yet begun. These projects have 2,485 residential units and they are not included in the under construction figures above.

Significant residential constructor in Russia

The focus of International Construction Services is on residential property development. In Russia, YIT is a significant foreign housing construction company and one of the largest construction companies in the Baltic countries. In Central Eastern Europe, housing construction will be started in the Czech Republic.

Long-term experience in the Russian market

YIT already has nearly five decades of experience operating in the Russian market. The past few years have seen expansion to several of Russia's largest cities and their vicinities in accordance with our strategy. Key success factors include combining the competence of an international construction company with solid knowledge of the local culture and operating methods.

In order to make project management and capital expenditure more efficient, we invest in correct types of plot acquisitions and their payment terms, quick lead-through of construction projects as well as staggering of residential sales.

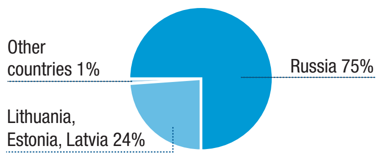
Customer-focused differentiation is our strength

In Russia, residential units are typically handed over to the buyers unfinished – that is, surface materials, kitchen and sanitary fixtures are not installed. YIT aims to differentiate both with the quality of the residential units and service offering. It is possible to buy a residential unit from YIT that is rough surfaced as per the local way, filler surfaced or fully finished, i.e. complete with surface materials and fixtures,. Dedicated residential salespersons and collaboration with local banks make it easier to buy a home. In addition, YIT aims to offer maintenance services for residential buildings it has constructed.

Versatile construction projects

Realising various kinds of construction projects enables an extensive service offering to the customers and balances the demand for YIT services. As a residential construction company, YIT implements multi-storey buildings, terraced houses and detached houses with varying levels of finishing. In addition to housing, YIT constructs office and retail premises as well as logistics and shopping centres. Business premise projects have been carried out in the Baltic countries and St. Petersburg, and they are also planned to start-up in the Moscow region.

International Construction Services revenue 2008



1. Finished residential units in Moscow Oblast

A four-section residential building was completed in Ramenskoye in the Moscow Oblast, with the residential units in two sections built fully-finished. The house has a brick façade, 14 to 17 storeys and a total of 273 residential units. It is located in a new and developing residential area with a recreation area in the woods nearby.

2. Construction of detached houses at the Kymleno housing fair

Russia's first exhibition of Finnish detached houses was held close to St. Petersburg in September. A total of 26 houses were on display at the Kymleno housing fair, 13 of which were detached houses and two- or three-flat terraced houses built by YIT. Ecological aspects are highly considered in selecting building materials and finishing. For example, heating of the houses is based on the area's water circulation floor heating system and ventilation is equipped with exhaust air heat recovery system.

SERVICES

Residential units and entire areas

We construct developer-contracted residential buildings in Russia, Lithuania, Estonia and Latvia. In Central Eastern Europe, housing construction will be started in the Czech Republic. We build multi-storey buildings, terraced and detached houses.

In Russia, the residential units can be rough-surfaced in the local way, filler-surfaced or fully-finished. In the Baltic countries, residential units are sold finished – with or without fixtures.

Retail and business premises

We build office, retail and logistics premises in St. Petersburg and the Baltic countries, and we are also planning to begin construction activity in Moscow. We carry out both contracting projects as well as own development projects on our plots.

In real estate development projects, YIT develops the business idea in cooperation with the users and carries out the entire implementation. Typically, the premises are sold to a property investor and leased to users.

3. High-quality logistics centre in St. Petersburg

One of the largest and highest-quality logistics centres in southwest Russia was implemented near St. Petersburg's international Pulkovo airport, in the Gorelovo industrial district. The completed centre was transferred to GORIGO, owned by a fund managed by the Finnish company Evli Property Investment.

4. Extended library in Pärnu centre, Estonia

The extension built to the Pärnu central library houses, e.g. a children's reading room, newspaper room, versatile auditorium and cafeteria. The technical equipment of the old part was modernised. The façade panels were replaced with aluminium and glass.

In Russia, YIT operates in St. Petersburg, Moscow and Moscow Oblast, Yaroslavl, Kazan, Yekaterinburg and Rostov-on-Don.

YIT has expanded into new cities by establishing joint ventures with experienced local partners.

We offer construction services also in Lithuania, Estonia, Latvia and the Czech Republic.

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Corporate responsibility is a part of implementing a good living environment

Responsible business activity aims at ensuring the continuity of operations and building the foundations for the future. Taking responsibility for the financial, social and environmental impacts of our operation is a basic precondition for our sustained operation.

Our objective is to create benefit and well-being for our stakeholders through our responsible operation.

Our operations have financial effects on our customers, suppliers and service providers, employees, shareholders and investors as well as the public sector.

Our social responsibility challenges include ensuring the commitment, development and occupational safety of our current employees. In addition, we build the facilities for responding to the future competition for competent employees. YIT aims to be the most desirable employer in its fields of business. In addition to our own employees, our social responsibility extends to subcontractors and service providers. We are also responsible for our products and services towards our customers.

With regard to the environment, we shoulder our responsibility by offering services particularly to improve energy efficiency and through minimising the environmental impacts of our own and our subcontractors' operations with efficient material use and appropriate waste management.

Principles of YIT's corporate responsibility:

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

The principles of YIT's corporate responsibility were identified in a group-wide process in 2005. YIT distributed its principles of corporate responsibility to all Group employees in 2006 in all areas of operation. At the same time, the principles and practices of responsible business were discussed. During 2007–2008, indicators of responsible business were specified and the harmonisation of measurement methods was started.

Additional information

Principles of YIT's corporate responsibility as a whole are available at YIT's Internet site www.yitgroup.com.

VALUES

Excellence in service
- You can rely on our quality
- We find the right solutions for our customers
- We seek to forge durable customer relationships

Well-run cooperation
- Working as a team, respecting our partners
- Trust is built on openness and honesty
- At YIT, every person is important

Continuous learning
- Top-notch professional skills and project management
- Competitiveness over borders
- We build a good living environment

High performance
- Entrepreneurship is our strength
- Healthy profitability generates dividends
- We shoulder our corporate responsibility

Financial responsibility

- Long-term profitable growth and operational development
- Financial, social and environmental responsibility are mutually supportive
- Good results through fair play

Practices
- Since 1912, profitable growth has been our company's strategic target
- Considering the well-being of employees and the environment as prerequisites for long-term operation
- Strategic target levels have been set for key figures

Follow-up
- Average annual growth in revenue
- Return on investment
- Operating cash flow after investments
- Equity ratio
- Dividend payout
- Direct financial impacts on various stakeholders

Social responsibility

- YIT aims to be the most desirable employer in its fields of business
- Physical and mental well-being of our employees
- No illegal actions
- Engaging in social dialogue and development projects
- Entertainment and sponsorship provided by YIT is at a reasonable and responsible level
- Responsibility for products and services

Practices
- Interesting tasks, development of professional skills, job rotation and career development
- Encouraging management culture, competitive benefits, ability to participate and influence
- Focus on occupational health and safety
- Equal treatment of all employees
- Appreciation of long-term employment relationships
- Compliance with labour agreements
- No tolerance of illegal labour, child labour or forced labour, nor of cartels, restraints of trade or corruption
- Customer satisfaction

Follow-up
- Number of personnel December 31
- Average number of personnel
- Share of non-salaried employees
- Share of salaried employees
- Share of men
- Share of women
- Results of the personnel survey
- Level of site safety
- Average length of employment relationships
- Customer satisfaction by unit-level surveys

Environmental responsibility

- Respect for the natural, cultural and living environment
- Energy-efficiency
- Efficient use of natural resources
- Product life cycle management and appropriate treatment of waste
- Prevention of environmental damage

Practices
- We develop the energy efficiency of our solutions and services
- We consider the entire life cycle of our projects
- We offer services also for the cleaning and rehabilitation of contaminated soil, construction, management and closure of landfills, soil recycling and refining and utilisation of industrial by-products.
- We aim to minimise the environmental impacts of our operations
- We aim to prevent the occurrence of environmental damage through risk management

Follow-up
- Energy-saving projects
- Life cycle projects
- Other environmental projects
- Electricity consumption
- Fuel consumption

Financial Responsibility

Our operations have financial effects on our customers, suppliers and service providers, employees, shareholders and investors as well as the public sector. Our objective is to create benefit and well-being for our stakeholders through our responsible operation.

Customers

In 2008, our revenue amounted to EUR 3,939.7 million. Our responsibility benefits our customers in the form of seamless cooperation, delivery as promised, responsibility for solutions and services, product life cycle management, risk management, customer-driven and innovative solutions.

Suppliers

We purchased raw materials, consumables and goods for EUR 1,275.3 million and services for EUR 1,117.8 million. The suppliers of materials and services are benefited by financial stability, long-term cooperation with select partners, compliance with agreements and mutual development of operations.

Personnel

During the year, we employed 25,057 persons on average. Their salaries and fees totalled EUR 943,2 million. Pension costs amounted to EUR 107.9 million. The well-being of our employees is increased through their well-being at work, a sound HR policy, equality, career development opportunities and investments in occupational health and safety.

Investors

The number of our shareholders increased rapidly during the year and totalled more than 25,500 at year's end. In 2008, we distributed EUR 101.8 million in dividends to the shareholders from the profit for 2007. The interest and other financial expenses totalled EUR 48.4 million.

Public sector

YIT's operations generated EUR 60.7 million in income taxes to the public sector. In addition to the taxes, the well-being of the society is improved through the construction, development and maintenance of functional infrastructure, compliance with laws and regulations, and engaging in social dialogue and development projects with authorities and organisations.

Direct financial effects 2008 (2007)

Customers
Revenue MEUR 3,939.7
(MEUR 3,706.5)

YIT

Suppliers
Raw materials, consumables
and goods MEUR 1,275.3 (MEUR 1,149.9)
External services MEUR 1,117.8
(MEUR 862.8)

Personnel
On average 25 057 persons (23,394)
Wages, salaries and fees MEUR 943.2
(MEUR 856.5)
Pension costs MEUR 107.9 (MEUR 100.3)

Investors
Dividends MEUR 101.8 (MEUR 82.4)
Interest and financing costs MEUR 48.4
(MEUR 31.0)

Public sector
Income taxes MEUR 60.7 (MEUR 65.3)

Social Responsibility

As a personnel-intensive company we want to ensure the well-being, development, health and occupational safety of our current employees. In addition, we build the facilities for responding to the future competition for competent employees. Our social responsibility extends to subcontractors and service providers. Responsibility for our products and services to our customers is a prerequisite for sustainable operations.

YIT employs over 25,000 persons in 14 countries

At the end of 2008, the Group employed 25,784 (24,073) people of which, 39% worked in Finland, 36% in other Nordic countries, 12% in Russia, 8% in Central Europe and 5% in the Baltic countries. YIT is one of the largest employers in Finland.

In May 2008, YIT acquired MCE AG's building system service business in Germany, Austria, Poland, the Czech Republic, Hungary and Romania. Following the acquisition, approximately 2,100 employees joined YIT.

Due to the weakened general market conditions, it was agreed in 2008 to terminate the employment of about 1,200 people in the Group.

Job satisfaction remained at a good level

The annual personnel survey measures job satisfaction. The response rate of the survey was 60% in 2008. The average result in the study was 3.84 (3.74) on a scale of 1 to 5. Job satisfaction has developed favourably in the long term. The results concerning one's own work, how challenging one's tasks are and correspondence to one's own professional skills have improved the most. Targets for development included encouragement at work and cooperation between units. In total, 75% of all respondents reported being happy working at YIT.

Continuous learning increases competitiveness

Utilising and developing one's own professional skills and making a difference are basic factors of job satisfaction. We offer development opportunities through internal and external coaching, vocational degree training and by promoting further studies. In all our areas of operation, we team up with educational institutions to develop vocational education to match practical needs.

We offer opportunities for professional development, expanding one's competence through learning at work and career advancement by means of active job rotation. The major restructuring in unit management and the organisational structure in recent years have primarily been carried out by means of internal transfers.

Agreeing on objectives in development discussions

The Group's management system is management by results. The key results for personnel are specified annually on the basis of the company's values. During the result and development discussions, personal objectives are agreed for each employee, after which these objectives are monitored. The goal is for each YIT employee to have a performance development discussion with his or her supervisor at least once a year. A chance to participate, influence and be consulted contributes to well-being at work.

Performance bonuses spur activities towards achieving the Group's key results, reward good performance and improve 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.

Cooperation in committees

The personnel's ability to impact the company's operation increases motivation, commitment and well-being at work. Opportunities to participate systematically emerge in result and development discussions and cooperation committees. YIT encourages employees to display initiative by holding suggestion campaigns, and cash bonuses are paid for suggestions that lead

From traineeship to career
YIT aims to be the most desirable employer in its fields of business. We cooperate with local schools and offer opportunities for on-the-job training. Many students end up forging a long career in the Group's service after their traineeship.

to measures for developing operations. Personnel are represented in the management boards of the divisions in order to develop operations and enhance interaction.

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

Health and safety are core issues in our operations

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

All YIT construction sites in all areas of operation share the same occupational safety monitoring and development system, and the same safety objectives apply throughout. There are weekly on-site safety level measurements to observe e.g. falling protection, electrical devices and working methods.

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

YIT considered an equal opportunity employer

As set forth in the Group's equality plan, each and every YIT employee receives equal treatment at work regardless of gender, age or origin. We promote equality in matters of career development, pay and training opportunities. The Group intends to prevent workplace bullying as well as discrimination and harassment. According to the personnel survey, YIT is considered a equal opportunity employer.

More men than women typically seek employment in YIT's fields of business. In 2008, 89 per cent of YIT's employees were men and 11 per cent women.

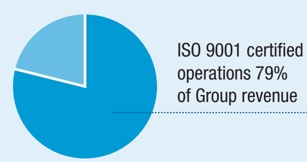
SOCIAL RESPONSIBILITY EXTENDS TO SUBCONTRACTORS AND SERVICE PROVIDERS

YIT is also responsible for the operation of its subcontractors at its sites. We instruct our partners to operate in accordance with YIT's principles and occupational safety regulations. The use of illegal labour is not tolerated in any part of the production chain. Illegal labour prevents healthy competition and decreases the tax income of the society. Illegal labour is not insurable.

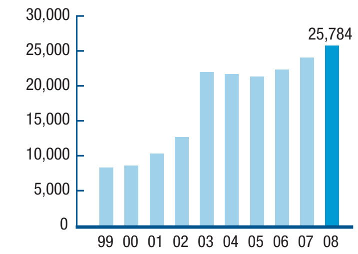
Product liability and operative quality are part of our responsibility to our customers. Our quality development tools include customer satisfaction surveys, internal evaluations, management audits, measurement and follow-up and the correction of deviations. Our units conduct customer safety surveys on project-by-project and process-by-process bases. We use quality systems in our systematic quality development efforts. ISO 9001-certified quality systems cover 79 per cent of the Group's operations.

Our objective is to improve the quality of products and services, our own processes, the management of the production and supplier chain, and customer satisfaction. We invest in improving our service culture.

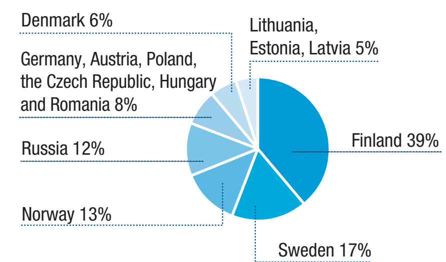
Quality systems



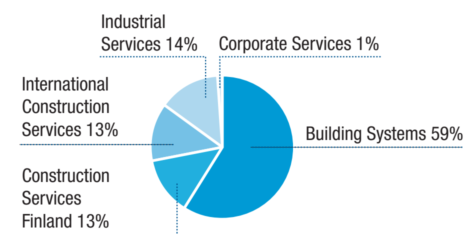
Personnel at year's end 1999-2008



Personnel by country



Personnel by business segment



The population is ageing – there are already more people over 60 than under 20.

YIT employs more than 25,000 people in 14 countries

The competition for competent employees will intensify when more people will be leaving than entering the labour market. Competent employees are essential to YIT's success. The technical living environment must be managed locally, it cannot be built, developed and maintained from the other side of the globe. YIT aims to be the most desirable employer in its fields of business. Of key importance is to invest in the personnel's well-being and development. Versatile training opportunities are offered to new and young employees.

Environmental Responsibility

Our service portfolio comprises business operations through which we aim to produce favourable impacts on the environment We increase energy efficiency in our own as well as our customers' processes and premises. We consider environmental aspect on usage of materials, waste and operations in our own as well as our subcontractors' actions.

Client: Ovako Wire Oy Ab, Finland
Site: utilisation of heat recovery energy in the pickling line
Energy saving: A total of 2,682 MWh of electricity and heavy fuel oil per year

Life cycle management with building systems

The most considerable environmental aspect in Building Systems is offering energy-efficient solutions to customers. The aim is to help customers choose the most energy efficient heating, water, ventilation, electricity and automation solutions for their new and old buildings alike. Energy consumption can often be cut tens of per cents just with correct adjustments of equipment or new investments. Energy efficiency projects are inevitable in order to reach the agreed emission reduction targets at the EU level.

Energy services include comprehensive analysis of the property's energy consumption, solutions that boost energy efficiency, services related to the management of energy consumption, and protecting energy procurement from fluctuations in price.

In life cycle projects, YIT assumes the responsibility for the maintenance of buildings and energy and water consumption, even for decades.

Building Systems handle hazardous materials, such as coolants, heat transfer fluids, oils, solvents and asbestos. Any hazardous waste produced is dealt with in an appropriate manner.

New YIT Homes are low-energy houses

Consumption of energy and materials, waste treatment and supervision of subcontractors are significant for environmental impacts in Construction Services. The majority of a building's energy consumption takes place during its use. Planning and taking the local conditions into consideration play a prominent role in the energy management of buildings.

In March 2008, YIT announced that it will switch to low-energy houses in all housing development production in Finland. All YIT Homes sold to consumers that are planned in 2008 or later will be built as low-energy houses. The houses will consume 30% less energy than similar buildings built to the current standards.

We offer services also for the cleaning and rehabilitation of contaminated soil, construction, management and closure of landfills, soil recycling and refining and utilisation of industrial by-products.

At construction sites, environmental management, occupational safety, organisation and tidiness are intertwined. We aim to minimise material wastage, and all waste is sorted appropriately. Production chain supervision and training of subcontractors and the unconditional ban on illegal labour also support environmental values.

Energy savings for industry

Modernisation projects of power plants and production processes as well as other renewal investments and efficient maintenance can significantly improve energy and material efficiency.

YIT is the market leader in improving the efficiency of Finnish industry's energy and material use. The customers' annual energy consumption has decreased by nearly 300,000 MWh, which corresponds to the annual energy consumption of some 15,000 detached houses. Carbon dioxide emissions have been cut by approximately 100,000 tonnes per year. This corresponds to the yearly emissions of some 30,000 passenger cars.

Hazardous materials, such as pickling acids, heat transfer fluids, oils, solvents and asbestos are handled in industrial services. A risk assessment is performed in all industrial projects by evaluating the risks associated with personnel safety, use of chemicals and well-being at work. Environmental objectives have been set for all offices.

EXAMPLES OF YIT'S ENVIRONMENTAL BUSINESS PROJECTS IN 2008

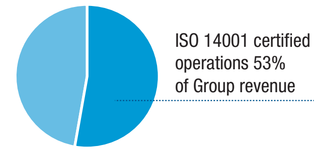
Client: Eskilstuna Kommunfastigheter AB, Sweden
Site: Renewing the lighting in the Lagersberg residential area
Energy saving: 120 MWh of electricity per year

Client: Lakeuden Etappi Oy, Finland
Site: Biogas plant, whichprocesses sludge from the treatment plants of 13 municipalities, industrial sludge and household bio waste
Production of biogas: 5 million m^3 per year (corresponds to approximately 3 million litres of heavy oil). The gas is utilised in the production of electricity and heat.

Client: Pankaboard Oy, Finland
Site: Replacement of the heat recovery systems of drying machine hoods in vat machine 2 and 3
Energy saving: approximately 20,200 MWh steam energy per year

Client: Växjö municipality, Sweden
Site: Installation of the Sundet wastewater treatment plant gas engine
Production of biogas: 1.2 million m^3 per year

Environmental systems



Contact Information

We build, develop and maintain quality living environments in 14 countries:
Finland, Sweden, Norway, Denmark, Russia, Germany, Austria, Poland, the Czech Republic, Hungary, Romania, Lithuania, Estonia and Latvia.

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- www.yit.se
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Financial Review 2008

Together we can do it.

Contents

Investor Relations

The aim of YIT's Investor Relations is to continuously and consistently communicate all essential information on YIT to all market parties so that the price of YIT's share reflects its fair value. YIT communicates proactively with all its interest groups. The key principles of the company's communications are service-mindedness, equitability, openness and honesty. The company aims to uphold the confidence that interest groups have in YIT.

The YIT Group's parent company, YIT Corporation, is domiciled in Helsinki and the company's share is listed on NASDAQ OMX Helsinki. In its disclosure policy, YIT complies with Finnish legislation and the guidelines of NASDAQ OMX Helsinki and the Finnish Financial Supervision Authority on the disclosure obligation and the handling of unreleased information (inside information).

Investors calendar 2009

2008 Financial Statement Bulletin	February 6	at 8:00
Annual Report	week of February 16	
Annual General Meeting	March 11	at 13:00
Interim Report for January - March	April 24	at 8:00
Interim Report for January - June	July 24	at 8:00
Interim Report for January - September	October 28	at 8:00

Prior to each earnings announcements is 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. Closed period starts on March 31, June 30, September 30 and December 7 and lasts until the publication of the respective earnings announcement.

Publishing of results online

The interim and annual results conferences can be viewed as live webcasts in English and afterwards as recordings on the YIT Internet site www.yitgroup.com/webcast.

Publications and releases

Financial reports and other YIT publications can be ordered from YIT's Investor Relations. Releases can be ordered directly to your e-mail on the website.

Address changes

Shareholders are requested to make notification of changes in their address to the bank branch office in which their book-entry account is handled.

If the account is handled at Finnish Central Securities Depository Ltd, notifications of address changes should be sent to Finnish Central Securities Depository Ltd, P.O. Box 1110, FI-00101 Helsinki, Finland.

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Trading codes:

The shares and share options of YIT Corporation are quoted on the NASDAQ OMX Helsinki. YIT is in the Industrials sector.

YIT's share:	YTY1V
Series M share option:	YTY1VEW306
Series N share option:	YTY1VEW406

Quotation of the Series N share options will begin on April 1, 2009.

The shares and share options are included in the book-entry system maintained by Finnish Central Securities Depository Ltd.

Shareholder rights

YIT has only one series of shares. Each share confers one vote at general meetings.

The right to participate in a general meeting rests with a shareholder who has been entered as a shareholder in the company's shareholder register ten days before the meeting and who has signed up for the general meeting in the manner stated in the Notice of Meeting.

Shareholders have the right to have items included in the agenda of the general meeting, provided they demand, in writing, the Board of Directors to do so early enough so that the item can be included in the Notice of Meeting. Shareholders have the right to pose questions at the general meeting as set forth in the Companies Act.

The minutes of a general meeting are made available for inspection by shareholders within two weeks of the meeting at YIT's head office (Panuntie 11, Helsinki, Finland).

A shareholder or shareholders who own no less than 10 per cent of all the company's shares may demand that an extraordinary general meeting be convened.

The right to a dividend rests with a shareholder who by the record date has been entered as a shareholder in the company's shareholder register that is kept by Finnish Central Securities Depository Ltd.

Key financial figures

Income statement 1999-2008

		1999	2000	2001	2002	2003	2004	2004	2005	2006	2007	2008
		FAS	FAS	FAS	FAS	FAS	FAS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	MEUR	1,222.1	1,235.4	1,623.1	1,763.0	2,389.7	3,033.4	2,780.1	3,023.8	3,284.4	3,706.5	3,939.7
- change	%	4.7	1.1	31.4	8.6	35.5	26.9		8.8	8.6	12.9	6.3
- of which activities outside Finland	MEUR	165.3	146.4	330.5	386.9	672.5	1,212.7	1,183.2	1,326.6	1,477.4	1,798.5	2,072.9
Operating income and expenses	MEUR	-1,141.2	-1,126.8	-1,497.2	-1,643.5	-2,253.3	-2,850.6	-2,600.4	-2,772.2	-3,002.8	-3,341.5	-3,647.4
Depreciation and write-downs	MEUR	-12.6	-13.6	-16.1	-16.5	-17.3	-17.1	-22.3	-23.9	-24.1	-27.2	-31.8
Depreciation of goodwill	MEUR	-6.0	-5.3	-10.1	-13.2	-20.5	-30.6					
Operating profit	MEUR	62.3	89.7	99.7	89.8	98.6	135.1	157.4	227.7	258.8	337.8	260.6
- % of revenue	%	5.1	7.3	6.1	5.1	4.1	4.5	5.7	7.5	7.9	9.1	6.6
Financial income and expences, net	MEUR	-7.1	-10.2	-10.9	-12.2	-14.2	-16.8	-17.4	-12.9	-20.6	-32.2	-67.5
Prioft before extraordinary items	MEUR	55.2	79.5	88.8	77.6	84.4	118.2	140.0	214.8	238.2	305.6	193.1
- % of revenue	%	4.5	6.4	5.5	4.4	3.5	3.9	5.0	7.1	7.3	8.2	4.9
Extraordinary income	MEUR	18.5										
Extraordinary expenses	MEUR		-0.1									
Profit before taxes	MEUR	73.7	79.4	88.8	77.6	84.4	118.2	140.0	214.8	238.2	305.6	193.1
- % of revenue	%	6.0	6.4	5.5	4.4	3.5	3.9	5.0	7.1	7.3	8.2	4.9
Profit for the period	MEUR	60.7	54.7	61.6	43.0	48.4	84.0	100.5	156.9	175.4	228.0	134.3
- % of revenue	%	5.0	4.4	3.8	2.4	2.0	2.8	3.6	5.2	5.3	6.2	3.4
Attributable to:												
Equity holders of the company								99.1	155.5	171.0	224.9	132.9
Minority interest								1.4	1.4	4.4	3.1	1.4

Balance sheet 1999-2008

		1999	2000	2001	2002	2003	2004	2004	2005	2006	2007	**2008**
		FAS	FAS	FAS	FAS	FAS	FAS	IFRS	IFRS	IFRS	IFRS	IFRS
ASSETS												
Intangible assets	MEUR	78.3	85.2	69.7	61.9	66.8	68.4	81.0	77.1	91.8	92.5	104.6
Goodwill on consolidation	MEUR	13.0	14.3	47.4	72.0	246.9	224.2	248.8	248.8	248.8	240.6	291.0
Tangible assets	MEUR	7.6	9.5	7.2	9.5	11.8	12.3	13.1	13.4	15.6	27.1	35.1
Investments												
Treasury shares	MEUR	4.2	7.8	6.5	7.2							
Other investments	MEUR	11.4	11.0	6.3	7.1	7.9	6.8	4.2	4.8	5.9	6.2	6.3
Inventories	MEUR	175.4	249.4	259.3	338.1	380.8	421.6	629.3	685.2	1,006.4	1,265.0	1,509.9
Receivables	MEUR	389.2	411.0	483.0	503.5	781.0	822.1	503.7	578.1	723.4	769.7	825.3
Current investments	MEUR	13.4	1.4	18.6	10.7	11.9	0.7	0.7	0.0	0.0	0.0	36.4
Cash and cash equivalents	MEUR	10.2	11.2	18.4	28.2	48.4	34.2	35.4	80.7	25.9	60.2	165.3
Total assets	MEUR	702.7	800.8	916.4	1,038.2	1,555.5	1,590.3	1,516.2	1,688.1	2,117.8	2,461.3	2,973.9
EQUITY AND LIABILITIES												
Share capital	MEUR	58.8	58.8	58.8	59.5	61.0	61.3	61.3	62.4	63.4	149.1	149.2
Other equity	MEUR	212.7	250.2	291.6	313.7	347.3	395.9	380.0	497.4	607.1	665.4	653.9
Minority interest	MEUR	6.7	1.6	3.2	2.9	3.4	3.6	4.1	3.7	3.9	3.8	4.6
Provisions	MEUR	6.7	6.9	10.1	14.2	27.3	26.0	59.9	57.5	50.5	59.0	86.9
Non-current liabilities												
Interest-bearing	MEUR	125.2	89.2	133.5	130.4	202.6	214.0	224.0	172.4	275.8	356.9	516.2
Non interest-bearing	MEUR	4.8	3.3	7.7	7.8	8.3	15.7	23.6	40.9	72.5	80.7	92.1
Current liabilities												
Interest-bearing	MEUR	15.5	38.9	14.2	12.6	62.2	47.5	171.5	162.6	256.6	218.1	330.1
Advances received	MEUR	43.7	47.1	54.5	71.8	100.6	106.7	77.5	134.9	163.6	230.4	346.8
Other non interest-bearing	MEUR	228.6	304.8	342.8	425.3	742.8	719.6	514.3	556.3	624.4	697.9	794.2
Total shareholders' equity and liabilities	MEUR	702.7	800.8	916.4	1,038.2	1,555.5	1,590.3	1,516.2	1,688.1	2,117.8	2,461.3	2,973.9

Other key figures 1999-2008

		1999	2000	2001	2002	2003	2004	2004	2005	2006	2007	**2008**
		FAS	FAS	FAS	FAS	FAS	FAS	IFRS	IFRS	IFRS	IFRS	IFRS
Cash flow from operating activities	MEUR	64.4	47.3	40.3	76.7	97.6	35.4	59.2	167.3	-148.3	84.1	47.8
Return on equity	%	18.3	19.1	19.1	12.2	12.5	19.6	24.3	31.1	28.3	30.5	16.5
Return on investment	%	15.5	21.2	21.6	17.8	16.8	19.6	19.1	26.4	24.8	26.2	17.5
Equity ratio	%	41.6	40.2	40.3	38.2	28.3	31.1	31.0	36.3	34.5	36.7	30.7
Net interest-bearing debt	MEUR	117.1	115.4	110.7	104.1	204.4	226.6	359.4	254.4	506.5	514.8	644.5
Gearing ratio	%	42.8	38.1	31.9	28.2	49.6	49.2	80.7	45.1	75.1	62.9	79.8
Gross capital expenditures on non-current assets	MEUR	35.6	34.3	75.1	60.6	232.9	31.0	35.6	30.1	50.4	51.6	85.2
- % of revenue	%	2.9	2.8	4.6	3.4	9.7	1.0	1.3	1.0	1.5	1.4	2.2
Recearch and development expenditure	MEUR	8.4	10.0	12.0	13.0	16.0	18.0	18.0	19.0	21.0	22.0	19.0
- % of revenue	%	0.7	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5
Order backlog as on Dec 31	MEUR	479.1	574.7	735.8	938.8	1,490.1	1,604.9	1,823.4	1,878.8	2,802.3	3,509.3	3,233.7
of wich orders from abroad	MEUR	46.8	57.3	180.2	255.0	569.5	621.0	645.0	752.4	1,490.0	1,999.2	2,118.9
Number of employees on Dec 31		8,282	8,605	10,264	12,633	21,939	21,680	21,680	21,289	22,311	24,073	25,784
Average numer of employees		8,721	8,189	10,118	11,990	16,212	21,884	21,884	21,194	21,846	23,394	25,057

Additional information

Definitions of key financial figures is presented on page 27.

Share-related key figures 1999-2008

		1999	2000	2001	2002	2003	2004	2004	2005	2006	2007	**2008**
		FAS	FAS	FAS	FAS	FAS	FAS	IFRS	IFRS	IFRS	IFRS	IFRS
Earnings/share, basic	EUR	0.40	0.48	0.54	0.37	0.41	0.69	0.81	1.26	1.36	1.77	1.05
Earnings/share, diluted	EUR				0.37	0.41	0.68	0.80	1.23	1.35	1.77	1.05
Eguity/share	EUR	2.32	2.63	2.98	3.14	3.35	3.73	3.60	4.49	5.29	6.40	6.38
Dividend/share	EUR	0.15	0.19	0.21	0.23	0.30	0.35	0.35	0.55	0.65	0.80	0.50*)
Dividend/earnings	%	37.7	39.5	39.7	60.4	73.2	51.1	43.2	43.7	47.8	45.2	47.6
Effective dividend yield	%	5.5	5.5	6.3	5.4	4.5	3.8	3.8	3.0	3.1	5.3	10.9
Price/earnings multiple (P/E)		6.9	7.2	6.3	11.3	16.4	13.4	11.3	14.3	15.4	8.5	4.4
Share price trend												
Average price	EUR	2.19	3.18	3.17	4.10	5.18	7.96	7.96	13.99	19.24	22.15	10.89
Low	EUR	1.63	2.60	2.61	3.30	3.50	6.76	6.76	8.95	15.20	14.79	3.70
High	EUR	2.75	3.55	3.49	4.91	6.93	9.42	9.42	18.25	23.88	27.90	19.99
Price on Dec 31	EUR	2.73	3.40	3.38	4.20	6.73	9.18	9.18	18.07	20.95	14.99	4.58
Market capitalisation on Dec 31	MEUR	315.0	389.3	389.7	489.9	821.1	1,125.3	1,125.3	2,254.4	2,656.0	1,907.0	576.2
Share turnover trend												
Share turnover	1,000	36,264	43,300	17,792	39,648	58,558	91,160	91,160	120,368	184,577	245,672	295,155
Share turnover as percentage of shares outstanding	%	31.4	37.6	15.5	34.2	49.5	74.6	74.6	97.4	147.2	193.6	232.2
Weighted average share-issue adjusted number of shares outstanding	1,000	115,484	115,048	114,988	115,880	118,208	122,246	122,246	123,544	125,357	126,872	127,104
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
Share-issue adjusted number of shares outstanding on Dec 31	1,000	115,588	114,504	115,472	116,716	122,092	122,586	122,586	124,794	126,777	127,218	125,798

*) 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 for previous years have been adjusted to be comparable with the figures for 2007.

Financial development by quarter

	I/2007	II/2007	III/2007	IV/2007	I/2008	II/2008	III/2008	IV/2008
Revenue, MEUR	833.5	939.3	906.8	1 027.0	927.0	991.2	970.8	1,050.7
Operating profit, MEUR	61.2	78.5	89.4	108.7	78.6	70.5	63.1	48.4
- % of revenue	7.3	8.4	9.9	10.6	8.5	7.1	6.5	4.6
Financial income, MEUR	0.6	0.5	0.6	0.8	3.2	0.6	0.9	1.2
Exhange rate differences, MEUR	-0.1	-1.6	0.5	-2.6	-0.8	-2.6	6.0	-27.6
Financial expenses, MEUR	-6.9	-7.6	-8.1	-8.4	-10.7	-8.0	-13.0	-16.7
Profot before taxes, MEUR	54.8	69.8	82.4	98.5	70.3	60.5	56.9	5.3
- % of revenue	6.6	7.4	9.1	9.6	7.6	6.1	5.9	0.5
Total balance sheet assets, MEUR	2,155.9	2,346.1	2,418.4	2,461.3	2,525.8	2,605.5	2,868.5	2,973.9
Earnings per share, EUR	0.31	0.42	0.47	0.57	0.40	0.33	0.29	0.03
Equity per share, EUR	4.95	5.38	5.85	6.40	5.97	6.32	6.61	6.38
Share price at the end of period	25.80	23.35	20.84	14.99	17.97	15.98	7.30	4.58
Market capitalization at the end of period, EUR million	3,270.8	2,963.1	2,644.7	1,906.8	2,286.1	2,033.0	928.7	576.2
Return on investment, rolling 12 months, %	25.4	25.7	25.8	26.2	28.1	25.6	21.9	17.5
Return on equity %								
Equity ratio, %	31.8	32.4	33.8	36.7	33.3	34.5	33.4	30.7
Net interest-bearing debt at the end of period, EUR million	540.9	548.9	591.4	514.8	462.7	625.2	697.0	644.5
Gearing ratio, %	85.6	79.8	79.1	62.9	60.6	77.2	82.5	79.8
Gross capital expenditures, EUR million	15.8	5.7	12.0	18.1	11.8	14.0	51.1	8.3
Order backlog at the end of period, MEUR	2,995.4	3,275.2	3,172.5	3,509.3	3,627.0	3,670.4	3,964.9	3,233.7
Personnel at the end of period	22,418	23,474	23,836	24,073	23,644	24,978	26,688	25,784

Revenue by business segment

EUR million	I/2007	II/2007	III/2007	IV/2007	I/2008	II/2008	III/2008	IV/2008
Building Systems	367.7	410.3	392.3	479.7	418.1	480.5	478.9	597.5
Construction Services Finland	291.5	307.0	272.5	287.2	284.9	308.6	285.8	268.6
International Construction Services	79.3	115.2	139.6	152.0	154.3	119.5	123.3	96.4
Industrial Services	110.7	129.6	118.7	130.8	90.9	110.9	108.7	119.2
Other items	-14.1	-22.8	-16.4	-22.7	-21.2	-28.3	-25.9	-31.0
YIT Group	833.5	939.3	906.7	1,027.0	927.0	991.2	970.8	1,050.7

Operating profit by business segment

EUR million	I/2007	II/2007	III/2007	IV/2007	I/2008	II/2008	III/2008	IV/2008
Building Systems	18.8	25.6	26.7	41.1	26.3	32.6	35.7	37.2
Construction Services Finland	35.6	35.5	33.4	29.0	35.4	29.4	28.1	18.8
International Construction Services	5.6	16.0	23.9	21.7	16.1	6.1	-4.0	-9.2
Industrial Services	5.0	5.8	8.1	22.3	5.2	8.5	7.8	8.7
Other items	-3.8	-4.4	-2.7	-5.4	-4.4	-6.1	-4.5	-7.0
YIT Group	61.2	78.5	89.4	108.7	78.6	70.5	63.1	48.5

Order backlog by business segment

EUR million	I/2007	II/2007	III/2007	IV/2007	I/2008	II/2008	III/2008	IV/2008
Building Systems	670.3	721.8	740.5	707.7	825.3	799.9	1,046.4	841.9
Construction Services Finland	1,026.1	1,193.1	1,128.9	1,183.8	1,306.4	1,264.8	1,085.9	874.2
International Construction Services	1,111.8	1,185.2	1,134.4	1,462.7	1,381.7	1,483.7	1,678.2	1,369.3
Industrial Services	228.8	213.6	221.7	219.2	224.3	222.8	238	208.3
Other items	-41.6	-38.5	-53.0	-64.1	-110.7	-100.8	-83.6	-60.0
YIT Group	2,995.4	3,275.2	3,172.5	3,509.3	3,627.0	3,670.4	3,964.9	3,233.7

Corporate Governance

The administration of YIT Corporation and the YIT Group complies with Finnish legislation, particularly the Finnish Companies Act, Securities Market Act and Accounting Act as well as the rules of NASDAQ OMX Helsinki Ltd and the company's Articles of Association. In addition, YIT complies with the recommendations on the Corporate Governance of listed companies in Finland.

Annual General Meeting

YIT Corporation's Annual General Meeting is the Group's highest decision-making body. The Annual General Meeting shall be held annually by the end of March. Extraordinary general meetings shall be held when the Board of Directors considers it necessary to do so or when required by legislation.

The Annual General Meeting shall take decisions on matters such as:

- approving the financial statements
- the payment of dividends
- discharging the members of the Board of Directors and the President from liability
- the election of the Chairman, Vice Chairman and the members of the Board of Directors and the remuneration to be 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
- the granting of share options

The notice of meeting shall be published in line with Articles of Association in a nation wide newspaper chosen by the Board of Directors and on the company's Internet site. In addition to the matters that will be dealt with at the meeting, the notice shall also announce the names of the persons who have been nominated to seats on the Board of Directors. The condition is that these persons have the support of shareholders who hold at least a total of 10 per cent of the voting rights conferred by the company's shares and that the nominees have given their consent to being elected. The name of the nominated auditor shall also be announced.

As a rule, the Annual General Meeting shall be opened by the Chairman of the Board. The other members of the Board shall attend insofar as they can. The President shall present the result of the financial year to the Annual General Meeting. Auditor is present at the General Meeting.

Board of Directors

The Board of Directors is the Board of Directors of the parent company, YIT Corporation, and in that capacity shall be responsible for the administration and the proper organization of the operations of the entire YIT Group; in addition, it shall direct and oversee the operations of the YIT Group. It shall be the duty of the Board to promote the interests of all YIT Corporation shareholders and the YIT Group.

According to the company's Articles of Association, the Chairman, Vice Chairman and a minimum of three (3) and a maximum of five (5) members of the Board of Directors shall be elected at the Annual General Meeting. A person who is 68 years old or over cannot be elected to the Board of Directors.

The term of office of Board members shall begin at the Annual General Meeting which elected them and end at the conclusion of the next Annual General Meeting.

The Board of Directors shall ensure that accounting and asset management are organized appropriately; review and approve the company's financial statements and consolidated financial statements for the financial period that has ended as well as, each year, the interim reports for the periods ending at the conclusion of March, June and September.

The Board of Directors shall meet on a regular basis. The dates of the Board meetings shall be set in advance for the entire term of office. In addition, the Board may hold telephone meetings as required.

The Board of Directors shall convene the company's general meetings and draft proposals on the matters to be dealt with at the meetings.

The Board of Directors shall assess its activities annually. Board members shall submit their assessments of Board activities during the previous year to the Chairman of the Board in January at the latest. These assessments shall be taken into account when the proposal for the composition of the new Board is prepared.

When proposing Board members, the recommendations on the Corporate Governance of listed companies shall be taken into consideration.

The Board members and the remuneration paid to them are presented in the Annual Report and on the Internet site. Up-to-date information on the shareholdings of Board members and other insiders subject to the disclosure requirement can be read on the company's Internet site.

The Board of Directors has drafted written standing orders for its activities.

The following matters in particular are to be reviewed and decided on by the Board of Directors:

- the election of the President and his deputy and deciding on their salary and other terms of employment
- the Group's strategy and objectives
- budgets and operating plans and overseeing their realization
- processing and approving the financial statement, report of the Board of Directors and Interim Reports
- specifying the dividends policy and making a proposal to the Annual General Meeting on the dividends to be paid for the year
- significant acquisitions and other investments
- the Group's operational structure
- ensuring the functionality of management systems
- principles of risk management
- ratifying the Group's values

Committees of the Board of Directors

The Board of Directors has an Audit Committee and a Nomination and Rewards Committee. The Audit Committee has three members and the Nomination and Rewards Committee 3-5 members, who shall be elected by the Board of Directors from amongst its members annually at the first Board meeting following the Annual General Meeting. The Board of Directors shall elect one of the members in both committees to be the Chairman of the committee. The members of the Audit Committee must not be dependent on the company, as required in the Corporate Governance recommendations. The company's President and CEO may not be a member of either of the committees and a person belonging to other management may not be a member of the Nomination and Rewards Committee.

It shall be the task of the Audit Committee to assist the Board of Directors in the supervision of the YIT Group's reporting and accounting processes, including internal supervision, risk management, internal auditing and evaluating and providing guidelines for the audit as well as assume general responsibility for the issues presented in recommendation 22 of the Corporate Governance for listed companies in Finland.

The Audit Committee shall meet four times a year: before the approval of the financial statements and interim financial statements. When necessary, the Audit Committee may meet more frequently.

The Board of Directors has ratified written standing orders for the Audit Committee.

It shall be the task of the Nomination and Rewards Committee to assist the Board of Directors in the nomination and rewarding of key personnel within the YIT Group, as well as in other issues related to the development of HR policies. The committee will prepare proposals for the General Meeting on the appointment of members for the Board of Director as well as on their rewarding. The committee assumes responsibility for the issues presented in recommendations 30 and 33 of the Corporate Governance for listed companies in Finland.

The Nomination and Rewards Committee shall meet invited by chairman when considered necessary.

The Board of Directors has ratified written standing orders for the Nomination and Rewards Committee.

President and CEO

The President and CEO shall attend to the day-to-day administration of the company in accordance with the instructions and regulations laid down by the Board of Directors. He shall also ensure that the company's accounting is lawful and asset management is organized reliably. The President and CEO of the parent company shall serve as the Chairman of the Group's Management Board and as the Chairman of the Boards of the parent companies of the Group's main business segments.

The Board of Directors shall decide on the President and CEO's salary, remuneration and other terms of employment.

The remuneration of the President and CEO and the terms of his employment are presented in the Annual Report and on the Internet site.

Group's Management Board

The Group's Management Board, which shall meet on a regular basis, assists the President and CEO with operational planning and management and prepares matters that are to be dealt with by the parent company's Board of Directors. Among other duties, the Management Board shall formulate and coordinate the Group's strategic and annual planning, supervise the realization of plans and reporting, and prepare major investments and acquisitions. Its central tasks shall include the development of intra-Group activities, the corporate culture and the corporate image.

The YIT Group's Management Board comprises:

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

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

Bonus and incentive schemes

The majority of the Group's salaried employees are covered by a bonus system. The Board of Directors shall annually confirm the bonus rules according to which bonuses are paid. The amount of the bonuses that are paid shall depend not only on the financial results of the entire Group and the business segment and unit of the employee in question, but also significantly on the realization of personal key results. Each salaried employee shall agree on his key results during a performance evaluation discussion with his supervisor.

The Group's share option programmes are presented in the Annual Report and on the Internet site, along with the share and option holdings of Board members, the President and CEO and the members of the Management Board.

Internal supervision

The Group's business operations are divided into main business segments. The heads of the business segments shall report to YIT Corporation's President and CEO. The reporting and supervision of the business segments are based on budgets drafted every six months and on monthly performance reporting. Each business segment shall hold an annual follow-up meeting led by the YIT Corporation's President and CEO; present at these meetings shall be the management of the business segment, the management of the business units and other key employees of the business segment.

As a rule, the Management Boards of the parent companies of the business segments shall meet on a monthly basis. The Head of the business segment shall serve as the Chairman. The members of the Boards of Directors of the business segments' parent companies shall be YIT Corporation's President and CEO and the CFO as well as the President and Financial Director of the company in question. The Management Boards and the Boards of Directors of the business segments shall deal with matters such as the business segment's development, strategic and annual planning, the supervision of business operations and performance, investments, acquisitions and internal organization within the business segment.

In addition to the Management Boards of the business segments, each of the divisions and country groups within the business segments shall have their own Management Boards. Their central task shall be to deal with matters related to business planning, the monitoring of performance and the development of operations. The Management Boards, which shall meet monthly, also include personnel representatives.

The control and supervision of the YIT Group's business operations shall be performed using the management system presented above. The company has the necessary reporting systems for monitoring business operations and supervising asset management.

The Group's Accounting Department shall provide instructions on the drafting of the financial statements and interim financial statements as well as prepare the consolidated financial statements. The parent company's Finance Department shall attend to the YIT Group's asset management and funding on a centralized basis and shall be responsible for the management of interest and exchange rate risks. The Financial Managers of the business segments shall monitor that reporting within the business segments is carried out in line with the instructions issued by Group management. The Group's legal affairs department shall provide guidelines for and oversee the agreements made by the company, and human resources department shall both guide and supervise the Group's personnel policy.

Risk management and internal audit

The Board of Directors shall approve the risk management policy and objectives as well as guide and monitor the planning and implementation of risk management.

Group management shall hold the highest operational responsibility for the risk management policy. Group management shall be responsible for organization and the planning, development, coordination and monitoring of the risk management strategy as well as its inculcation and related communications in the entire Group. Group management shall report to the Board of Directors.

The management of the business segments shall identify and assess the major risks of their respective business segments and draw up contingency plans for the risks. The risk responsibilities and obligations shall be centralized in the business segments. The management of the business segments shall report to Group management.

YIT's risk management is an integral part of the Group's management, monitoring and reporting systems. Regular reporting and monitoring shall be performed both at the Group and division levels. The identification of risks and preparations for them shall be primarily carried out in the units, divisions and business segments.

YIT's risk management policy is defined as follows:

- The aim is to identify the major risk factors, taking the special characteristics of YIT's business operations and environment into consideration, and optimally manage them so that the company achieves its strategic and financial objectives.
- The aim of the integrated risk management policy is to take all of the company's major risk factors into consideration so that the company's total risk exposure is optimally managed in accordance with the strategic and financial objectives.

Integrated risk management hinges on the management of the company's total risk exposure from the entire Group's perspective, and not just the management of individual risk factors.

YIT has specified the major risk factors and their management from the entire Group's perspective. Risk factors generally concern the strategy, the management and monitoring system, Corporate Governance, capital management, acquisitions and the integration of the acquirees, the availability of competent employees, economic trends, project management and large projects.

Group has Internal Audit organization, which task is to support YIT's management to accomplish its objectives in managing internal control, risk management and corporate governance. Internal Audit has risk based approach with focus on business operations. Internal Audit reports to Audit Committee and administratively to group CFO. Internal Audit work is coordinated with audit in order to eliminate duplicate effort and to enhance effectiveness.

Insider administration

The YIT Group uses Guidelines for Insiders that consists of the Guidelines for Insiders by NASDAQ OMX Helsinki Ltd for listed companies as well as of the specifications concerning YIT Group.

The members of the parent company's Board of Directors, the President and CEO, the deputy to the Group CEO, the secretary to the Board of Directors and the Chief Auditor are insiders subject to the disclosure requirement, as are the members and secretary of the Group's Management Board. In addition, the other permanent insiders include management and key personnel of Group Services that are specifically chosen as permanent insiders by the Board of Directors as well as the secretary of President and CEO of YIT Corporation, the secretaries of Executive Vice President and CFO of YIT Corporation, the members and secretaries of the Management Boards and Boards of Directors of the Group's main business segments as well as the secretaries of the Presidents of the business segments and their Financial Directors.

The Group has a total of about 50 permanent insiders.

The YIT Group's Guidelines for Insiders and up-to-date information on the share and option ownership of insiders subject to the disclosure requirement can be read on the company's Internet site.

Audit

According to the Articles of Association, the company shall have one auditor that must be a firm of auditors approved by the Central Chamber of Commerce. The firm of auditors shall announce who holds chief responsibility for carrying out the audit. The auditor's term of office is the financial period at the time of election and ends at the conclusion of the next Annual General Meeting.

In accordance with the decision taken by the Annual General Meeting, the auditor shall be remunerated in accordance with the amount invoiced. The remuneration paid to the auditor is presented in the Annual Report and on the Internet site.

Additional information

The Finnish Corporate Governance Code

- At NASDAQ OMX Helsinki's website http://www.nasdaqomxnordic.com/

In the Financial Review of Annual Report 2008

- Management and Administration in 2008 in the Board of Directors' report on pages 33–35
- Presentation of the Board of Directors, President and CEO and the Management Board on pages 18–23
- Share and share option ownership of the Board of Directors, President and CEO and the Management Board on pages 18–23 and 34
- Fees paid to the Board of Directors, President and CEO, the Management Board, and Auditor in the notes to the financial statements for 2008 on pages 58, 85, 89 and 94
- Group's share option programme on page 36

At YIT Corporation's Internet site www.yitgroup.com

- Principles of Corporate Governance at YIT Corporation
- YIT Corporation's Articles of Association
- Notices, materials and decisions of General Meetings
- Up-to-date presentation and share and option ownership of the Board of Directors, President and CEO and the Management Board
- Fees paid to the Board of Directors and Auditor
- Remuneration and terms of employment of President and CEO
- YIT Group's Guidelines for Insiders
- Group's share option programmes
- Information on share
- Stock exchange releases and Annual Reports
- Investor Calendar

YIT risk management

YIT RISK MANAGEMENT POLICIES

YIT's risk management policies aim to identify major risk factors, taking into account the special characteristics of the business operations and operational environment, and optimally manage these factors so that the company achieves its strategic and financial objectives. The integrated risk management policies aim to ensure adequate attention to all the most significant risk factors of the company so that the total risk level of the company can be optimally managed according to the strategic and financial objectives.

Risk management organisation and reporting

The Board of Directors shall approve the risk management policy and objectives as well as guide and monitor the planning and implementation of risk management.

Group management shall hold the highest operational responsibility for the risk management policy. Group management shall be responsible for organization and the planning, development, coordination and monitoring of the risk management strategy as well as its inculcation and related communications in the entire Group. Group management shall report to the Board of Directors.

The management of the business segments shall identify and assess the major risks of their respective business segments and draw up contingency plans for the risks. The risk responsibilities and obligations shall be centralized in the business segments. The management of the business segments shall report to Group management.

YIT's risk management is an integral part of the Group's management, monitoring and reporting systems. Regular reporting and monitoring shall be performed both at the Group and division levels. The identification of risks and preparations for them shall be primarily carried out in the units, divisions and business segments.

Most significant risks and uncertainties

YIT has specified the most significant risks and their management from the point of view of the entire Group. According to the Board of Director's estimate, the most significant risks are associated with changes in the operating environment and the management of assets in Russia. Operational risks are connected with the sales risk of the order backlog, the management of the capital and projects, the management system and ensuring skilled personnel. Financial risks include liquidity, interest rate, currency and credit risks, and their management is a part of the Group's financing policy.

STRATEGIC RISKS

Changes in the business environment

Management of strategy-related risks is based on predicting changes in the business environment and markets as well as on the company's own ability to react. Continuous monitoring and analysis of financial, demographic and technological phenomena make it possible to react quickly to change and to utilise the new business opportunities provided by them.

YIT's key objective has been to make the business structure more balanced and tolerant of economic fluctuations. We have purposefully increased the share of our service and maintenance business and expanded to a wider geographical area. The majority of our business is low capital-intensive. Capital is tied particularly in the ongoing residential construction projects.

Risks of Russian operations

Major changes to the Russian business environment include the price of oil, having a strong effect on the country's economy, as well as consumer confidence and its effect on apartment sales. In the long run, the need to improve the quality of living and the positive income trends of households will support the demand for housing.

Most of the Russian operations consist of the more capital-intensive residential property development projects. Sales of residential units in Russia mainly take place towards the end of the project, and the construction time is approximately 2.5 years. At the end of 2008, 33 per cent or EUR 545.2 million of YIT's invested capital resided in Russia, with capital tied to plot reserves and ongoing production. At the end of 2008, the number of unsold residential units that were under construction or completed totalled 5,534 in Russia. In addition, the construction of 2,485 residential units was suspended mainly at the foundation stage. The sales risk is managed by adjusting residential start-ups with sales trends. Risk management focuses on the efficient management of capital and cash flow; as sales of residential units slow, the amount of invested capital is decreased.

In the long term, central factors include finding adequate personnel and committing partners. The Russian management system will emphasise the local nature of the operations. Expansion of residential construction operations to other Russian cities has aimed to spread the geographical and partner risks.

OPERATIONAL RISKS

Sales risk of the order backlog

The sales risk included in the order backlog is mainly comprised of unsold residential units that are under construction or completed. At the end of 2008, the number of residential units under construction or completed but unsold totalled 5,534 in Russia, 1,118 in Finland and 296 in the Baltic Countries. Sales risk is managed by adjusting residential start-ups with sales trends. Property development projects are usually sold to investors before the launch of construction work or during the initial stages of construction, and preparations are made for new contract arrangements to secure the financing of the projects.

Capital management

A significant part of YIT's business operations require little capital. Capital is particularly tied up in plot reserves, their development and ongoing production. Risk management is focused on follow up and management of capital development. In business where investments are small, effective turnover of net working capital is the objective. In the more capital-intensive business operations such as residential development projects and property 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.

Project management

Project management is a major area of focus particularly in property development projects and other individual large-scale projects. Expertise is upgraded by investing in contractual expertise and the development of offer and risk analyses. All business segments focus on project cost management and improving cost efficiency through cost control, identification and prevention of risks, and by making operations more efficient and developing procurement activities.

Effective contract management requires comprehensive project management expertise at all operative levels in order to keep costs under control and reach the desired profitability. In tender-based projects, YIT is selective with regards to their risks and profitability.

Management system

A strong corporate culture and a clear management system comprise an integral part of YIT's success factors. The regular monitoring of profitability extends throughout the entire line organisation, from the project level to the Group level with the help of an active management approach. As the organisation expands to new areas and countries, the management systems are upgraded by standardising and firmly establishing operating and reporting procedures in different countries and business segments. YIT has large-scale projects underway, e.g. with the new ERP system.

Ensuring the availability and competence of skilled employees

The majority of YIT's business is labour-intensive; thus the availability of skilled employees is a prerequisite for organic growth. The long-term availability of labour is a challenge given the changing age structure of the population. Challenges are addressed by investing in the commitment of current employees, developing the employer image, cooperation with local educational institutions, expanding the recruitment and training programmes for young professionals and integrating foreign workers.

FINANCIAL RISKS

Financial risks include liquidity, interest rate, currency and credit risk, and their management is a part of the Group's financing policy. An account of the financing risk can be found in the notes to the financial statements for 2008.

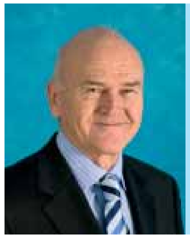
DAMAGE RISKS

There are few projects that are large considering the overall extent of operations and whose insurance should be separately surveyed. YIT's projects are insured with project-specific insurance policies covering any sudden and unforeseen material damage to the project site, such as fire, collapse and theft. Other assets, such as properties, machinery and equipment are insured through continuous property insurance policies in case of material damage.

Additional information

An account of the financing risk can be found in the notes to the financial statements for 2008 on pages 79–82.

Board of Directors on December 31, 2008



Chairman

REINO HANHINEN

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

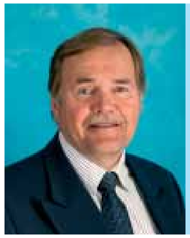
Member of YIT's Board of Directors since 1988 and Chairman 1989–2000 and since 2006. Member of the Audit Committee since 2006 and the Nomination and Rewards Committee since 2008.

Independent of YIT Corporation's major shareholders.

Primary working experience:
YIT Corporation: President and CEO 1987–2005, Managing director 2000–2005
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

Other positions of trust:
Rautaruukki Corporation: Vice Chairman of the Board of Directors 2007–, member of the Board of Directors 2006–
KONE Corporation: member of the Board of Directors 2005–

Share and option ownership:
136,800 YIT shares



Vice Chairman

EINO HALONEN

born 1949, M.Sc. (Econ.)

Member of YIT's Board of Directors since 2000 and Vice Chairman since 2003. Member of the Audit Committee since 2004 and the Nomination and Rewards Committee since 2008.

Independent of YIT Corporation and its major shareholders.

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

Other positions of trust:
Metsäliitto Osuuskunta: member of the Board of Directors 2006–
Cramo Oyj: member of the Board of Directors 2003–
Pohjola Bank: member of the Board of Directors 2003–

Share and option ownership:
2,800 YIT shares

KIM GRAN

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

Member of YIT's Board of Directors since 2008.

Independent of YIT Corporation and its major shareholders.

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

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

Share and option ownership:
27,690 YIT shares

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

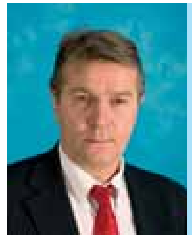
Member of YIT's Board of Directors since 2004 and member of the Nomination and Rewards Committee since 2008.

Independent of YIT Corporation and its major shareholders.

Primary working experience:
KONE Corporation: Chairman of the Board of Directors 2003–, CEO 1996–2006, Vice Chairman of the Board of Directors 1996–2003, member of the Board of Directors 1991–

Other positions of trust:
Solidium: member of the Board of Directors 2008–
East Office of Finnish Industries Oy: member of the Board of Directors 2008–
The Federation of Finnish Technology Industries: Chairman of the Board of Directors 2005–2006, Vice Chairman of the Board of Directors 2002–2004, member of the Board of Directors 1996–
Confederation of Finnish Industries EK: Chairman of the Board of Directors 2007–2008, Vice Chairman of the Board of Directors 2005–2006, member of the Board of Directors 2004
Ilmarinen Mutual pension Insurance Company: Vice Chairman of the Supervisory Board 2004–, member of the Supervisory Board 2001–

Share and option ownership:
603,980 YIT shares



TEUVO SALMINEN
born 1954, M.Sc. (Econ.), Deputy CEO of Pöyry Plc

Member of YIT's Board of Directors since 2001 and member of the Audit Committee since 2004.

Independent of YIT Corporation and its major shareholders.

Primary working experience:
Pöyry Plc: Deputy CEO 1999–, Division Manager 1997–1999, CFO 1988–1997, Financial Manager 1985–1988
Uudenmaan Tilintarkastustoimisto (Auditing office): partner 1978–1984

Other positions of trust:
Holiday Club Resorts Ltd: Chairman of the Board of Directors 2008–
Capman Plc :Vice Chairman of the Board of Directors 2005–, member of the Board of Directors 2001–2005

Share and option ownership:
39,680 YIT shares

Antero Saarilahti, Senior Vice President, Administration of YIT Corporation serves as the secretary of the Board of Directors. The presentation on him can be found at the presentations of members of YIT Corporation's Management Board of page 23.

A Board member is considered to be independent when he or she is not dependent on the company or its significant shareholders as required in the recommendations on the Corporate Governance of listed companies in Finland.

The information on share and option ownership includes the holdings of the persons themselves, their close associates and their controlled corporations at the end of 2008.

Additional information

Up-to-date information on holdings is presented on YIT's Internet site www.yitgroup.com.

Management Board on December 31, 2008

Chairman
JUHANI PITKÄKOSKI
born 1958, LL.M.
President and CEO and Head of Building Systems business segment

In the Group's employ since 1988.

Primary working experience:
YIT Corporation: President and CEO 2008–
YIT Building Systems Ltd: President 2003–
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
Oy 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

Other positions of trust:
Tapiola Mutual Pension Insurance Company: member of the Supervisory Board 2004–

Share and option ownership:
26,000 YIT shares
6,120 M options

Vice Chairman
KARI KAUNISKANGAS
born 1974, M.Sc. (Eng.), B.Sc. (Econ.)
Deputy to the Group's President and CEO and Head of International Construction Services business segment

In the Group's employ since 1997.

Primary working experience:
YIT Corporation: Executive Vice President and deputy to the President and CEO 2008–
YIT Construction Ltd: Head of International Construction Services business segment 2008–
YIT Construction Ltd, Business Premises: Division manager 2005–2007
YIT Construction Ltd, Building Construction Oulu: Area manager 2001–2005
Sonera Living Oy: Product group manager 2000–2001
YIT Corporation, Housing production Uusimaa: Quality and development specialist 1998–2000, Site engineer 1997–1998

Share and option ownership:
1,000 YIT shares
6,120 M options

SAKARI AHDEKIVI
born 1963, M.Sc. (Econ.)
YIT Corporation, Chief financial officer (CFO)

In the Group's employ since 2007.

Primary working experience:
YIT Corporation: Chief financial officer 2007–
Huhtamäki Oyj: Chief financial officer 2005–2007
ABB Automation Technologies (USA): Division controller 2003–2005
ABB Automation Technologies (Switzerland): Group VP, Business area controller 1999–2002
ABB Automation Ltd (UK): Financial controller 1997–1999
ABB Industry Oy: Business Controller 1994–1997

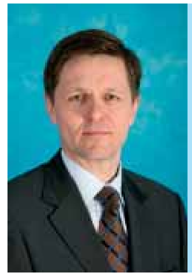
Share and option ownership:
Does not own YIT shares.
6,120 M options

CHRISTEL BERGHÄLL
born 1969, M.Sc. (Econ.)
YIT Corporation, Senior Vice President, Human Resources

In the Group's employ since 2008.

Primary working experience:
YIT Corporation: Senior Vice President, Human Resources 2008–
Amer Sports Corporation: Vice President, Human Resources 2003–2008
Nokia Corporation: Senior Manager, Executive Development 2002-2003, Human Resources Manager 1998-2002
Several international Human Resources positions 1994-1998

Share and option ownership:
Does not own YIT shares or options.



PEKKA FRANTTI
born 1964, M.Sc. (Eng.)
Head of Industrial Services business segment

In the Group's employ since 2003.

Primary working experience:
YIT Industrial and Network Services Ltd: President 2005–
YIT Kiinteistötekniikka Oy: Vice President, Building Systems and Security Systems 2003–2005
ABB Oy: Vice President, Commercial & Public Buildings and International Operations 2001–2003
ABB Installaatiot Oy: Division Manager, Baltic and Russian Operations 1998– 2001
ABB Sakti Industri (Indonesia): Division Manager, Baltic and Russian Operations 1998–2001
ABB Installaatiot Oy: Marketing Manager 1991–1995
ABB Trafo-BB GmbH (Germany): Area Manager 1990–1991
ABB Industry Oy: Project Manager, Electrification projects 1988–1990

Other positions of trust:
Technology Industries of Finland: member of the Board of Directors 2007–

Share and option ownership:
8,720 YIT shares
6,120 M options

ILPO JALASJOKI
born 1951, M.Sc. (Eng.)
Head of Construction Services Finland business segment

In the Group's employ since 1987.

Primary working experience:
YIT Corporation: management's special tasks 2009–
YIT Construction Ltd: President 2000–, Head of division 1999–2000
YIT Tolonen Oy: Managing Director 1987–1999
Kummila Oy: Residential Construction Manager 1981–1987
Rakennusliike Eero Keränen Oy: Technical Manager 1979–1981
National Housing Board: Office Engineer 1977–1979
VTT Technical Research Centre of Finland: Researcher 1975–1977

Other positions of trust:
Infra ry: member of the Board of Directors 2008–
RT's Building Construction Division: member of the Board of Directors 2007–

Share and option ownership:
Does not own YIT shares.
6,120 M options

MANAGEMENT BOARD ON DECEMBER 31, 2008

SAKARI TOIKKANEN
born 1967, Lic. (Tech.)
YIT Corporation, Senior Vice President, Business Development

In the Group's employ since 1997.

Primary working experience:
YIT Corporation: Senior Vice President, Business Development 2008–, Executive Vice President and deputy to President and CEO 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

Share and option ownership:
11,132 YIT shares
6,120 M options

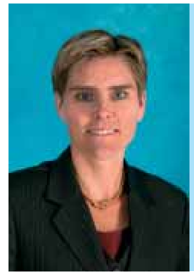
Members of Extended Management Board

VEIKKO MYLLYPERKIÖ
born 1946, M.Sc. (Pol.Sc.)
YIT Corporation, Senior Vice President, Corporate Communications

In the Group's employ since 2001.

Primary working experience:
YIT Corporation: Senior Vice President, Corporate Communications 2008–, Director 2007–2008, Vice President, Corporate Communications 2001–2007
The Confederation of Finnish Construction Industries: Director, business policy, business cycle monitoring and communications 1991–2000
The Federation of the Finnish Building Industry: counsel, construction business cycle forecasts 1984–1991
VTT Technical Research Centre of Finland: Researcher 1971–1984

Share and option ownership:
5,000 YIT shares
2,450 M options



PETRA THORÉN
born 1969, M.Sc. (Econ.)
YIT Corporation, Senior Vice President, Investor Relations

In the Group's employ since 2002.

Primary working experience:
YIT Corporation: Senior Vice President, Investor Relations 2006–, Manager, Investor Relations 2002–2005,
Mandatum & Co, Corporate Finance: Analyst 1999–2002,
Alfred Berg Corporate Finance: Analyst 1998–1999

Other positions of trust:
Foundation for the advancement of tennis in Finland: member of the Board of Directors 2006–
Finnish Tennis Association: Vice Chairman of the Board of Directors 2008–, member of the Board of Directors 2005–

Share and option ownership:
8,000 YIT shares
4,080 M options

Secretary

ANTERO SAARILAHTI
born 1948, M.Sc. (Eng.)
YIT Corporation, Senior Vice President, Administration

In the Group's employ since 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

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

Share and option ownership:
9,972 YIT shares
4,080 M options

MANAGEMENT BOARD IN 2009

As of January 1, 2009 the YIT Group's Management Board comprises:

- President and CEO (Chairman) and Head of Building and Industrial Services business segment Juhani Pitkäkoski
- Deputy to the Group's President and CEO (Vice Chairman) and Head of International Construction Services business segment Kari Kauniskangas
- Head of Construction Services Finland business segment Tero Kiviniemi
- Managing Director of YIT's building systems company in Norway and Senior Vice President responsible for development in building systems Arne Malonæs
- Head of industrial services Pekka Frantti
- CFO Sakari Ahdekivi
- Senior Vice President, Human Resources Christel Berghäll
- Senior Vice President, Business Development Sakari Toikkanen and
- As secretary Senior Vice President Administration, Antero Saarilahti

Operative group of management board members meets weekly and it consists of Juhani Pitkäkoski, Kari Kauniskangas, Tero Kiviniemi and Sakari Ahdekivi and as secretary Antero Saarilahti.

The information on share and option ownership includes the holdings of the persons themselves, their close associates and their controlled corporations at the end of 2008.

Additional information

Up-to-date information on holdings is presented on YIT's Internet site www.yitgroup.com.

Financial Statements

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BOARD OF DIRECTORS' REPORT, JANUARY 1 – DECEMBER 31, 2008

EARNINGS TREND AND FINANCIAL STANDING

Revenue increased by 6 per cent

YIT Group's revenue for 2008 grew by 6 per cent to EUR 3,939.7 million (2007: EUR 3,706.5 million). Building Systems is the largest segment by revenue, generating a half of YIT Group's revenue and operating profit. Revenue increased in the Building Systems segment.

Finland accounted for 47% of revenue (52%), other Nordic countries for 33% (33%), Russia for 10% (9%), Central Europe for 5% and the Baltic countries for 4% (6%). The fastest growth took place in Russia, where revenue increased by 25% to EUR 402.3 million (EUR 322.6 million).

In Central Europe, the building system operations acquired from Germany, Austria, Poland, the Czech Republic, Hungary and Romania were transferred to YIT on August 1, 2008. The property development company acquired in the Czech Republic was consolidated into YIT Group as of July 1, 2008.

YIT's service chain covers the investments, servicing and maintenance as well as the modernisation of premises' purpose of use. The extensive service chain aims at better service capability, business growth and steady income flow. Service and maintenance of buildings, industry and traditional infrastructure accounts for a significant proportion of the Group's revenue. In 2008, service and maintenance operations generated EUR 1,299.2 million (EUR 1,355.8 million), in other words 33% (37%) of total revenue.

Operating profit decreased by 23 per cent

The Group's operating profit decreased by 23 per cent to EUR 260.6 million (EUR 337.8 million). Operating profit margin was 6.6 per cent (9.1%). Return on investment was 17.5% (26.2%).

Operating profit increased in Building Systems and Industrial Services excluding the capital gains of EUR 14.4 million from the sale of the Network Services unit in 2007. In Construction Services Finland, revenue and operating profit developed favourably in civil engineering and construction of business premises, but the segment's operating profit decreased on the previous year due to a sharp decline in residential sales.

International Construction Services' operating profit decreased clearly due to weakened market conditions and non-recurring costs associated with the projects in the Gorelovo area in Russia. The negative impact of these projects during the second and third quarters of the year totalled approximately EUR 20 million. Operating profit decreased by approximately EUR 36 million compared to 2007 in the Baltic countries. In Russia, residential sales continued favourably during January-September but weakened rapidly during the last months of the year.

Earnings per share EUR 1.05

Profit before taxes decreased by 37 per cent from the previous year to EUR 193.1 million (EUR 305.6 million). Earnings per share decreased by 41 per cent to EUR 1.05 (EUR 1.77).

Financial expenses increased as a result of the devaluation of the ruble, higher interest rates compared to the previous year and an increase in net debt as a result of increased capital invested in Russia. The steep devaluation of the ruble in November-December resulted in exchange rate losses totalling EUR 25.0 million (EUR 3.8 million) for the year as a whole.

Order backlog EUR 3.2 billion

The Group's order backlog decreased by 8 per cent during the year to EUR 3,233.7 million (EUR 3,509.3 million) at the end of the year. EUR 356 million of order backlog was in housing projects that have been stopped in Russia. The order backlog has a normal margin. The order backlog margins of unsold housing production are dependent on the development of housing prices and construction costs. The order backlog of the Building Systems segment increased as the operations acquired in Central Europe were transferred to YIT. The order backlog decreased in the other business segments. In International Construction Services, the order backlog decreased as a result of the devaluation of the ruble by approximately EUR 170 million during the fourth quarter.

53 per cent of Building Systems revenue and 48 per cent of Industrial Services revenue are derived from service and maintenance operations. Due to their nature, part of the maintenance and servicing operations are not included in the order backlog. The remainder of the order backlog of these business segments mainly comprises contracted projects that have been sold in full.

The order backlog of the Construction Services Finland and International Construction Services business segments comprises tender-based production and real estate and residential development with a sales risk. Residential development accounts for the majority of the order backlog of International Construction Services. In Construction Services Finland, the order backlog is evenly distributed between tender-based construction and projects with a sales risk.

The International Construction Services business segment has the biggest order backlog; the segment's projects are long and their value is high. The construction time of housing projects is approximately 2.5 years in Russia and about one year in the Baltic countries and Finland.

The order backlog includes that portion of customer orders and ongoing development projects that has not been recognized as income. In accordance with the IFRS accounting principles, residential development projects are recognised as income using the formula percentage of completion multiplied by percentage of sale. Business premise development projects are recognised as income using the principle percentage of completion multiplied by percentage of sale multiplied by occupancy rate. Contracted projects are recognised as income based on the percentage of completion. Contracted projects are sold in full. Business premise development projects are usually sold to investors either prior to construction or during an early phase thereof. At the year's end, there was one real estate development project under construction the selling of which had not been closed.

The Group's financial position was strengthened

Due to the global financial market crisis, the Group's financial position was strengthened during the fourth quarter by increasing cash reserves by EUR 153.6 million. Cash reserves amounted to EUR 201.7 million (EUR 60.2) at year's end. The reserves were strengthened by taking out pension loans as well as long-term and short-term bank loans. Good cash flow from operations during the fourth quarter also increased the cash reserves.

A significant share of YIT's business operations requires little capital. Capital is particularly tied to the plot reserves, their development and ongoing production. At year's end, 33 per cent (33%), or EUR 545.2 million (EUR 460 million), of the Group's invested capital was tied up in Russia.

The gearing ratio was 79.8 per cent (62.9%). Net financing debt increased to EUR 644.5 million (EUR 514.8 million). Operating cash flow after investments during the fourth quarter amounted to EUR 61.3 million (EUR 75.3 million) and EUR -19.4 million (EUR 71.2 million) in January-December.

Net financial expenses increased to EUR 67.5 million (EUR 32.2 million), or 1.7 per cent (0.9%) of revenue. The steep devaluation of the ruble in November-December resulted in exchange rate losses, included in net financial expenses, totalling EUR 25.0 million (EUR 3.8 million). Fixed-interest loans accounted for 51 per cent (64%) of the Group's entire loan portfolio. Loans raised directly on the capital and money markets amounted to 32 per cent (56%). The maturity distribution of the loan portfolio is balanced.

The construction-stage contract receivables sold to financing companies totalled EUR 163.3 million (EUR 257.7 million) at the end of the period. Of this amount, EUR 95.5 million (EUR 102.9 million) is included in interest-bearing liabilities in the balance sheet and the remainder comprises off-balance sheet items in accordance with IAS 39. The interest on receivables sold to financing companies, EUR 15.1 million (EUR 10.9 million), is included in financial expenses in its entirety.

Participations in the housing corporation loans of unsold completed residential units, EUR 48.2 million (EUR 33.9 million), are also included in interest-bearing liabilities, but the interest on them of EUR 2.3 million (EUR 1.8 million) is booked in project expenses, as it is included in housing corporation charges.

The balance sheet total at the end of the review period was EUR 2,973.9 million (EUR 2,461.3 million).

The Group's equity ratio was 30.7 per cent (36.7%).

Key figures	2008	2007	2006
Income statement summary			
Revenue, MEUR	3,939.7	3,706.5	3,284.4
Operating profit, MEUR	260.6	337.8	258.8
% of revenue	6.6	9.1	7.9
Profit before taxes, MEUR	193.1	305.6	238.2
Profit for the financial period, MEUR	134.3	228.0	175.4
Attributable to:			
Equity holders of the company, MEUR	132.9	224.9	171.0
Minority interest, MEUR	1.4	3.1	4.4
Other key figures			
Cash flow from operating activities, MEUR	42.5	84.1	-148.3
Return on equity, %	16.5	30.5	28.3
Return on investment, %	17.5	26.2	24.8
Equity ratio, %	30.7	36.7	34.5
Net financing debt, MEUR	644.5	514.8	506.5
Gearing ratio, %	79.8	62.9	75.1
Gross capital expenditures on non-current assets, MEUR	85.2	51.6	50.4
% of revenue	2.2	1.4	1.5
Research and development expenditure, MEUR	19.0	22.0	21.0
% of revenue	0.5	0.6	0.6
Order backlog on Dec 31, MEUR	3,233.7	3,509.3	2,802.3
Operations outside Finland, MEUR	2,072.9	1,999.2	1,490.0
Personnel Dec 31	25,784	24,073	22,311
Number of personnel on average during the year	25,057	23,394	21,846

	2008	2007	2006
Per-share figures			
Earnings/share, EUR	1.05	1.77	1.36
Earnings/share, diluted, EUR	1.05	1.77	1.35
Equity/share, EUR	6.38	6.40	5.29
Dividend/share, EUR	0.50*)	0.80	0.65
Dividend/earnings, EUR	47.6*)	45.2	47.8
Effective dividend yield, EUR	10.9	5.3	3.1
Price/earnings ratio (P/E)	4.4	8.5	15.4
Share price trend			
Average price, EUR	10.89	22.15	19.24
Low, EUR	3.70	14.79	15.20
High, EUR	19.99	27.90	23.88
Price on Dec 31, EUR	4.58	14.99	20.95
Market capitalisation on Dec 31, MEUR	576.2	1,907.0	2,656.0
Share turnover trend			
Share turnover, thousands	295,156	245,672	184,577
Share turnover as percentage of shares outstanding	232.2	193.6	147.2
Weighted average share-issue adjusted number of shares outstanding, thousands	127,104	126,872	125,357
Weighted average share-issue adjusted number of shares outstanding, diluted, thousands	127,104	127,028	126,773
Share issue-adjusted number of shares outstanding on Dec 31, thousands	125,798	127,218	126,777

*) Board of Directors' proposal

Definitions of key financial figures

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

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

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

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

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

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

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

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

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

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

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

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

MAJOR EVENTS DURING THE FINANCIAL PERIOD

Resolutions passed at the Annual General Meeting

YIT Corporation's Annual General Meeting was held on March 13, 2008. The Annual General Meeting adopted the 2007 financial statements and discharged the members of the Board of Directors and the President and CEO from liability, and confirmed that a dividend of EUR 0.80 would be paid per share, or a total of EUR 101.8 million, in accordance with the Board's proposal. April 2, 2008, was set as the dividend payout date. The General Meeting confirmed the composition of the Board of Directors and re-elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor. YIT Corporation published stock exchange releases on the resolutions passed at the Annual General Meeting on March 13, 2008.

YIT Corporation held an Extraordinary General Meeting on October 6, 2008. The meeting decided to authorise the Board of Directors to purchase the company's own shares and to dispose of them, as proposed by the Board of Directors. The authorisation granted to the Board of Directors covers 10% of the company's shares, i.e. the acquisition of a maximum of 12,722,342 company shares, purchased with the company's unrestricted equity, and the disposal of the shares according to conditions described in more detail in the Board of Directors' proposal. YIT Corporation published a stock exchange release on the resolutions passed at the Extraordinary General Meeting on October 6, 2008.

Capital expenditures and acquisitions

Gross capital expenditures on non-current assets included in the balance sheet totalled EUR 85.2 million (EUR 51.6 million) during the financial period, representing 2.2 per cent (1.4%) of revenue. Investments in construction equipment amounted to EUR 14.2 million (EUR 15.4 million) and investments in information technology to EUR 5.5 million (EUR 7.5 million). Other investments including acquisitions amounted to EUR 65.5 million (EUR 28.7 million).

In the Building Systems segment, YIT acquired MCE AG's building system service business in Germany, Austria, Poland, the Czech Republic, Hungary and Romania. The revenue of these business operations for 2007 amounted to EUR 355 million, and the employees transferred to YIT numbered about 2,100. The value of the acquisition was EUR 55 million. The transaction was subject to approval by the competition authorities. The transaction was finalised on August 1, 2008, after which the company was included in the YIT figures.

In addition, competence as a supplier of energy efficiency solutions was strengthened in the Building Systems segment by acquiring in Finland Computec, an expert in building automation, and minor company and business acquisitions were made in Finland, Norway, Sweden and Denmark.

A business acquisition was made in the International Construction Services segment that aims to start housing production in the Czech Republic. YIT Construction Ltd signed the agreement on the acquisition of an 85% share of the Czech company Euro Stavokonsult s.r.o. on May 29, 2008. The company was consolidated into YIT Group as of July 1, 2008.

YIT Kiinteistötekniikka Oy sold the business operations in the areas of investment, lease management and financial administration services for property management. The effective date of the transaction was July 1, 2008.

Research and development

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

Personnel by business segment

	Share of the Group's employees 12/2008	12/2008	12/2007	12/2006
Building Systems [1]	59%	15,334	12,646	11,643
Construction Services Finland	13%	3,271	3,431	3,480
International Construction Services	13%	3,277	2,988	2,213
Industrial Services [2]	14%	3,554	4,663	4,642
Corporate Services	1%	348	345	333
YIT Group, total	**100%**	**25,784**	**24,073**	**22,311**

Personnel by country

	Share of the Group's employees 12/2008	12/2008	12/2007	12/2006
Finland [2]	39%	10,180	11,586	11,355
Sweden	17%	4,523	4,403	4,137
Norway	13%	3,280	3,008	2,618
Russia	12%	3,089	2,154	1,293
Germany, Austria, Poland, the Czech Republic, Hungary, Romania [1]	8%	2,094	-	-
Denmark	6%	1,448	1,267	1,286
Lithuania, Estonia, Latvia	5%	1,170	1,655	1,622
YIT Group, total	**100%**	**25,784**	**24,073**	**22,311**

1) The business operations acquired from Central Europe transferred to YIT on August 1, 2008.
2) As a result of the sale of the Network Services division, approximately 1,000 Finnish employees left YIT, in the Industrial Services segment, at the beginning of 2008.

Personnel

In 2008, the Group employed 25,057 (23,394) people on average. Of the personnel, 67 per cent (68%) were non-salaried employees and 33 per cent (32%) salaried employees. A total of 89 per cent (90%) were men and 11 per cent (10%) women.

The number of personnel increased in Building Systems when the operations acquired in Central Europe were transferred to YIT. The number of employees decreased in Construction Services Finland and in the Baltic countries.

At the end of the year, the Group had 25,784 employees (24,073). Of YIT's employees, 39 per cent work in Finland, 36 per cent in the other Nordic countries, 12 per cent in Russia, 8 per cent in Central Europe and 5 per cent in the Baltic countries. The largest segment by personnel is Building Systems, employing nearly 60 per cent of YIT's personnel.

Due to the weakened general market conditions, it was agreed in 2008 to terminate the employment of about 1,200 people in the Group.

Wages, salaries and fees paid to the employees of the Group totalled EUR 943.2 million. In 2007, wages, salaries and fees amounted to EUR 856.5 million and in 2006 to EUR 773.2 million.

As a labour-intensive company, the well-being and commitment of personnel are crucial to YIT. The Group carries out an annual personnel survey measuring job satisfaction. In 2008, the response rate was 60 per cent (60%). The results of the survey improved in all fields. The overall rating was 3.84 (3.74) on a scale of 1 to 5.

Environmental issues

Material usage and waste treatment are significant environmental issues in YIT's operations. ISO 14001-certified business operations account for 53 per cent of Group revenue. YIT's most significant environmental business services include solutions to improve energy efficiency.

Legal proceedings

On March 10, 2008, the Supreme Court in Finland announced its ruling regarding the disputes arising from the refurbishing of SOK's former head office, Kiinteistö Oy Vilhonkatu 7, which was completed in 1999. The ruling had a positive effect of EUR 5.7 million on YIT's profit before taxes. The sum was recognised in full in YIT's result for January-March 2008.

The disagreement that has arisen in the final financial settlement for the mechanical installation works on production line 4, which was completed at Neste Oil's Porvoo oil refinery in Finland in the summer of 2007, was submitted to the court of arbitration in April 2008. In September, Neste Oil specified its claims against YIT Industrial and Network Services in the court of arbitration proceedings by also claiming compensation for lost production. Neste Oil's claims amount to a total of EUR 107 million. YIT is contesting Neste Oil's claims and has presented claims against Neste Oil, mainly based on the alterations and additional work performed, and the additional costs that arose from the prolongation of the contract. YIT published stock exchange releases concerning the matter on April 1, 2008 and September 1, 2008.

In addition, the Group is engaged in other minor legal proceedings that are connected to ordinary operations and whose outcomes are difficult to predict. However, these proceedings do not have a significant effect on the Group's financial standing.

DEVELOPMENT BY BUSINESS SEGMENT

Building Systems

- Building Systems' revenue increased by 20% to EUR 1,975.0 million (EUR 1,650.0 million).
- Service and maintenance operations accounted for 53 per cent (63%) of the segment's revenue.
- Operating profit increased by 17 per cent to EUR 131.8 million (EUR 112.2 million).
- Operating profit margin was 6.7 per cent (6.8%).
- Return on investment was 51.8 per cent (55.3%). The method of presenting intra-Group financial items in the segments has been revised. The comparison figures have been adjusted according to the same principle.
- Order backlog increased by 19 per cent to EUR 841.9 million (EUR 707.7 million) at the end of the year.
- At the end of the year, the segment had 15,334 employees (12,646).

Strengthening market position

In the Building Systems segment, YIT acquired MCE AG's building system service business in Germany, Austria, Poland, the Czech Republic, Hungary and Romania. The revenue of these business operations for 2007 amounted to EUR 355 million, and the employees transferred to YIT numbered about 2,100. The transaction was finalised on August 1, 2008. The acquisition provided YIT with a foothold in new markets. The profitability of the acquired operations can be improved by shifting operations towards long-term service agreements and maintenance and servicing operations. Synergy benefits are achieved from the harmonisation of operations, expanded service offering and in procurement activities. The integration of the acquired operations was carried out successfully during 2008. The revenue of the operations acquired in Central Europe for August-December amounted to EUR 182.6 million. At the end of the year, the order backlog of these operations was EUR 265.6 million and their employees numbered 2,094.

In addition, minor company and business acquisitions were made in Finland, Norway, Sweden and Denmark. Competence was strengthened particularly in piping deliveries and as a supplier of energy efficiency solutions by acquiring a company specialising in building automation in Finland.

In Finland, the business operations in the areas of investor, lease management and financial administration services for property management were sold.

Building Systems revenue by country, MEUR

	1-12/2008	1-12/2007	Change 1-12/2008	Share of the segment's revenue for 1-12/2008
Sweden	632.6	606.4	4%	32%
Norway	490.1	440.4	11%	25%
Finland	428.3	384.9	11%	22%
Denmark	169.9	165.6	3%	9%
Germany, Austria, Poland, the Czech Republic, Hungary and Romania [1)]	182.6	-	-	9%
Lithuania, Estonia, Latvia and Russia	71.4	52.7	35%	3%
Total	1,975.0	1,650.0	20%	100%

1) The business operations acquired from Central Europe transferred to YIT on August 1, 2008.

Demand for building systems levelled off

The building system service market development continued favourably during the first half of the year, and the demand for technical system installations was good. The demand for building equipment system services levelled off towards the end of the year in the Nordic countries, Central Europe and Russia and decreased in the Baltic countries.

Good demand for service agreements continued

The demand for building system repair and maintenance work and various service agreements remained stable in the Nordic countries and Russia. The demand for repair and maintenance work was also good in Central Europe. The demand for property management services remained good.

Growing demand for energy services

Increasing attention has been paid to the energy efficiency of buildings and their building systems due to an increase in regulations. Improving the energy efficiency of the existing building stock boosts the number of repair and modernisation projects and the need for real estate maintenance services.

In the Nordic countries, several agreements were made on building system investments that increase energy efficiency. The costs will be funded by the realised energy saving. Energy consumption management is also included in several service agreements.

Construction Services Finland

- Construction Services Finland's revenue remained at the previous year's level and was EUR 1,147.9 million (EUR 1,158.2 million).
- Maintenance business accounted for 6 per cent (5%) of revenue.
- Operating profit decreased by 16 per cent to EUR 111.7 million (EUR 133.5 million).
- Operating profit margin was 9.7 (11.5%).
- Return on investment was 28.0 per cent (35.3 %). The method of presenting intra-Group financial items in the segments has been revised. The comparison figures have been adjusted according to the same principle.
- Order backlog decreased by 26 per cent to EUR 874.2 million (EUR 1,183.8 million).
- Capital tied into plot reserves in Finland amounted to EUR 350.5 million (EUR 344.3 million) at the end of the year.
- At the end of the year, the segment had 3,271 employees (3,431).

The figures for 2007 are comparison figures calculated as the business segment structure changed on January 1, 2008.

In Construction Services Finland, revenue and operating profit developed favourably in civil engineering and construction of business premises, but the segment's operating profit decreased on the previous year due to a sharp decline in residential sales.

The Supreme Court issued its ruling on disputes connected with the renovation of SOK's former head office building on March 10, 2008. The ruling had a positive effect of EUR 3.5 million on the Construction Services Finland operating profit for 1-3/2008.

Construction of business premises continued
Office, business and logistics premise construction was brisk. In the Helsinki region, the demand for new business premises remained favourable as companies invested in the quality, functionality and cost-efficiency of their premises.

In early 2008, YIT started the construction of the Maalitori office building in Vantaa, the Graanintie 6 business premise in Mikkeli, the Koskelo Trade Park logistics centre in Espoo, and the construction of a shopping centre in Piispanristi in Turku as real estate development projects. In addition, agreements were signed on several tender-based projects: an office building is constructed for Lindström Invest in Helsinki and head office premises for Tapiola in Espoo. No new property development projects were started towards the end of the year, but preparations for them continued.

Sales of several office premises with start-ups in 2007 were closed in accordance with what was agreed previously. YIT sold the Entresse shopping centre in Espoo, extension of YIT's head office and the Duetto premises in Helsinki and the Porttipuisto shopping centre and Avia Line office buildings in Vantaa to real estate investors. Tapiola became the final investor in the Atomi block in Riihimäki.

Housing sales decreased compared to previous year
The number of sold residences decreased compared to last year. During the first months of the year, YIT had an exceptionally high number of premium sites on sale, which kept the value of the sales steady. Towards the end of the year, housing sales decreased considerably and their value decreased as housing sales concentrated on smaller residential units and more economical sites. YIT sold residential units to investors as larger entities in different parts of Finland and succeeded in keeping the number of completed but unsold residential units low. Both individual private investors and investor groups purchased YIT Homes during the last months of the year.

Two significant preliminary agreements were made towards the end of the year on the construction of rental housing; with IceCapital concerning more than 700 residential units and with VVO concerning more than 200. Construction of leisure-time residences and centres continued in different locations in Finland. Agreements were signed, for instance, on the construction of a leisure facility at Levi and cooperation in the development of the Vanajanlinna area in Hämeenlinna during the year.

Housing start-ups were decreased due to market uncertainties. A total of 1,920 (2,733) residential units were sold in Finland, 1,542 (2,424) were started and 2,464 (3,011) were completed. At the end of the year, there were 1,887 (2,809) residential units under construction, of which 760 (1,189) had not been sold. There were 358 (280) completed but unsold residential units. In Finland, the construction time of housing projects is approximately a year.

YIT decided to adopt low-energy building in its entire residential development in Finland. All YIT Homes sold to customers planned in 2008 or later will be built as low-energy houses.

Favourable demand in infrastructure construction
The demand for civil engineering remained good. An agreement was signed with the Finnish Road Administration, Uusimaa Region, on a sizeable four-year road construction project to improve the functioning of the Kehä I ring road in Leppävaara, Espoo. The value of the agreement including the traffic control systems is EUR 88 million.

In the municipal sector, a first-of-a-kind agreement was made, according to which the municipality of Inkoo outsourced all production and personnel of its technical administration to YIT. A joint venture was established with the city of Mikkeli that offers services related to the technical infrastructure in Eastern Finland. YIT is the largest private maintainer of roads in Finland. YIT's market share of maintenance of the state-owned roads is 20 per cent, including a total of 14 contracts for Road Administration.

Plot reserve
Capital tied into plot reserves in Finland amounted to EUR 350.5 million (EUR 344.3 million) at the end of the year. The plot reserve included residential plots with 1,770,000 m^2 (1,735,000 m^2) of floor area and business premise plots with 827,000 m^2 (839,000 m^2) of floor area. Plot investments were decreased.

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

International Construction Services
- International Construction Services' revenue remained on the previous year's level and was EUR 493.5 million (EUR 486.1 million).
- Revenue increased by 27 per cent in Russia and decreased by 38 per cent in the Baltic countries.
- Operating profit decreased by 87 per cent to EUR 9.0 million (EUR 67.2 million).
- Operating profit margin decreased to 1.8 per cent (13.8%).
- Return on investment was 1.7 per cent (13.9 %). The method of presenting intra-Group financial items in the segments has been revised. The comparison figures have been adjusted according to the same principle.
- Order backlog decreased by 6 per cent to EUR 1,369.3 million (EUR 1,462.7 million).
- International Construction Services' capital tied into plot reserves amounted to EUR 228.9 million (EUR 233.2 million) at the end of the year.
- At the end of the year, the segment had 3,277 employees (2,988).

The figures for 2007 are comparison figures calculated as the business segment structure changed on January 1, 2008.

International Construction Services' operating profit decreased clearly due to weakened market conditions and non-recurring costs associated with the projects in the Gorelovo area in Russia. The negative impact of these projects totalled approximately EUR 20 million during the year. During the second quarter, costs were recognised in the operating profit of International Construction Services due to a delay in the property development projects in the Gorelovo area. During the third quar-

→ DEVELOPMENT BY BUSINESS SEGMENT

International Construction Services revenue by country, MEUR

	2008	2007	Change	Share of the segment's revenue 1-12/2008
Russia	368.2	290.8	27%	75%
Estonia, Latvia, Lithuania	118.7	192.2	-38%	24%
Other countries	6.6	3.1	113%	1%
Total	**493.5**	**486.1**	**2%**	**100%**

ter, additional costs were recognised for the projects in the Gorelovo area due to increased costs related to infrastructure and specifications in their allocation. Operating profit decreased by approximately EUR 36 million compared to 2007 in the Baltic countries. In Russia, residential sales continued favourably during January-September but weakened rapidly during the last months of the year.

The order backlog of International Construction Services decreased by approximately EUR 170 million during the fourth quarter as a result of the devaluation of the ruble. Due to uncertainties in the market situation, YIT made in October a decision to halt the construction of certain residential projects in the start-up phase in Russia. The sales of these projects had not yet begun. These projects have 2,485 residential units and they accounted for approximately EUR 356 million in the order backlog at year's end.

Acquisition in the Czech Republic

YIT Construction Ltd signed an agreement on May 29, 2008, on a business acquisition that aims to expand housing production to the Czech Republic. The effective date of the transaction was July 1, 2008. YIT's holding in the acquired YIT Stavo company is initially 85 per cent, while private shareholders working in the company hold 15 per cent of its shares.

Residential sales continued favourably for most of the year

In Russia, residential sales continued favourably during January-September but weakened rapidly during the last months of the year. The impact of the global financial market crisis on the Russian market and tightening loan terms for companies caused several players to accelerate their residential sales from October; this stopped the increase in housing prices that had continued for a long time. In some areas, nominal prices declined. The rapid increase in interest rates, tightening terms of housing loans and estimates of future price trends weakened consumer confidence and made them refrain from buying residential units. The positive income trends of households and the need to improve the quality of living will support the demand for housing in Russia in the long term.

In Russia, 2,793 (2,168) residential units were sold, 3,622 (4,441) were started and 2,600 (1,573) were completed. At the end of the year, there were 8,407 (9,870) residential units under construction, of which 5,287 (7,179) had not been sold. There were 247 (11) completed but unsold residential units.

Slight changes in the number of residential units may take place after the start of construction due to the dividing or combining of residences. The definition of completed but unsold residential units has been specified at the turn of the year. The revision increased the number of completed but unsold residential units by 136. Due to uncertainties in the market situation, YIT has halted the construction of certain residential projects in the start-up phase in Russia. The sales of these projects had not yet begun. These projects have 2,485 residential units. These residential units are not included in the under construction figures above.

YIT has ongoing housing development projects in St. Petersburg, eleven cities in the Moscow region, Moscow, Yaroslavl, Yekaterinburg, Rostov-on-Don and Kazan.

Permits to make Gorelovo sites operational

In St. Petersburg, the construction of real estate development projects on YIT-owned plots that started at the beginning of 2007 continued.

YIT's new office building in St. Petersburg was completed, and operations began during the year. The final sales agreement on the site was signed with Evli funds in December.

In September, the local authorities of the Leningrad region granted YIT the official permits for putting into operation the Gorigo logistics centre and the Atria logistics centre. The food plant completed in the Gorelovo area requires the building technical solution and implementation of the final water and drain connections before it can be put into operation.

Construction of new real estate development projects were not started in 2008. In St. Petersburg the development of plots continued. In order to commence the construction of business and office premises, a company named ZAO YIT Properties was established in the Moscow region.

Active housing sales in the Baltic countries

The market situation in the Baltic countries softened considerably. The markets were weak in Estonia, Latvia and Lithuania. Demand for housing remained low and the activities of construction companies have focused on tender-based contracts. The overall volume of construction decreased clearly. Some public investments were postponed and suspended due to the weakened economic situation.

YIT engaged actively in housing sales and managed to decrease the number of unsold residential units compared to the previous year. There were no new housing start-ups. In 2008, 733 (372) residential units were sold in Estonia, Latvia and Lithuania, 0 (541) were started and 736 (1,090) were completed. At the end of the year, there were 592 (1,328) residential units under construction, of which 115 (929) had not been sold. There were 181 (100) completed but unsold residential units. The definition of completed but unsold residential units has been specified at the turn of the year. The revision increased the number of completed but unsold residential units by 84. In the Baltic countries, the construction time of housing projects is approximately a year.

Plot reserve

Capital tied up in plot reserves in Russia amounted to EUR 145.7 million (EUR 162.9 million) at the end of the year. The plot reserve included residential plots with 2,256,000 m2 (1,915,000 m2) of floor area and business premise plots with 565,000 m2 (521,000 m2) of floor area. Plot acquisitions were decreased but the development of existing plots continued. YIT signed a few preliminary agreements on plot acquisitions that will be paid in instalments as the projects are realised.

Capital tied up in plot reserves in the Baltic countries amounted to EUR 83.2 million (EUR 70.3 million) at the end of the year. Plot development costs have been added to the capital tied up in plot reserves in 2007. The plot reserve included residential plots with 398,000 m^2 (420,000 m^2) of floor area and business premise plots with 62,000 m^2 (23,000 m^2) of floor area. Some plots were acquired in the Baltic countries according to previously signed agreements and plot development continued.

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

Industrial Services

- Industrial Services' revenue amounted to EUR 429.7 million (EUR 489.8 million).
- Service and maintenance operations accounted for 48 per cent (58%) of revenue.
- Finland accounted for 88 per cent of revenue, Russia for 2 per cent and England, Sweden and other export countries for 10 per cent.
- Operating profit was EUR 30.2 million (EUR 41.2 million).
- Operating profit margin was 7.0 per cent (8.4%).
- Return on investment was 74.6 per cent (102.1%). The method of presenting intra-Group financial items in the segments has been revised. The comparison figures have been adjusted according to the same principle.
- The order backlog amounted to EUR 208.3 million (EUR 219.2 million) at the end of the year.
- At the end of the year, the segment had 3,554 employees (4,663).

The figures for 2007, excluding the order backlog, include the figures for the Network Services division, which was sold on December 31, 2007. Network Services revenue for 1-12/2007 amounted to EUR 77 million. The operating profit for 1-12/2007 includes proceeds from the sale of the Network Services unit in the amount of EUR +14.4 million and EUR -1.0 million due to restructuring of the Network Services unit. Approximately 1,000 people left YIT as a result of the divestment of Network Services.

Steady demand for industrial maintenance services

Demand for maintenance services remained steady. Maintenance agreements were made and extended with Borealis, UPM's Seikku sawmill and Altia's Rajamäki factory as well as on the annual maintenance of the Loviisa nuclear power plant.

Shutdown maintenance was carried out in all Finnish nuclear power plants, all of Botnia's pulp mills in Finland and several other industrial plants. YIT's and Botnia's joint venture Botnia Mill Service is responsible for the maintenance of all of Botnia's pulp mills in Finland.

Demand for investments varied by industry

In Finland, demand for industrial investment projects decreased in the forest industry due to financial problems in the sector. Demand for industrial investments remained good in the energy, steel and mining industries in early 2008 but softened towards the end of the year. Deliveries were agreed with Rautaruukki, Outokumpu Steel and the Talvivaara Mine Project. Interest in energy efficiency was on the rise in the industry. New comprehensive energy-saving projects were conducted, for example with Kemira Pigments and Ovako Wire.

Export deliveries were agreed in Sweden, United Kingdom, Portugal and Ukraine. Agreements on new deliveries to export destinations of Finnish forest industry companies were signed as well.

In Russia, deliveries included machine and equipment installations to the SaratovStroi-Steklo glassworks.

The administration of YIT Corporation and the YIT Group complies with Finnish legislation, particularly the Finnish Companies Act, Securities Market Act and Accounting Act as well as the rules of Helsinki Exchanges and the company's Articles of Association. In addition, YIT complies with the recommendations on the Corporate Governance of listed companies in Finland. The Finnish Corporate Governance Code released by the Securities Market Association can be found on NASDAQ OMX Helsinki's website http://www.nasdaqomxnordic.com/.

YIT Corporation's governance deviates from the Finnish Corporate Governance Code Recommendation 22 (Appointment of members to the committees) and Recommendation 26 (Independence of the members of the audit committee). The nomination and rewards committee has Henrik Ehrnrooth as a committee member from outside of the Board. He represents the biggest owner of the company and he has extensive and varied experience in management and operations of stock listed companies in different fields of industry. The company's former Group CEO Reino Hanhinen is a member of the Audit Committee because he has a thorough understanding of the company's extensive and diverse business operations as well as its management, supervision and control systems.

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 Internet site.

Organisation of business operations and changes in Group structure

YIT Group's business operations are divided into business segments, which in 2008 were Building Systems, Construction Services Finland,

→ MANAGEMENT AND ADMINISTRATION

International Construction Services and Industrial Services.

YIT Group's business segment structure was revised as of the beginning of 2008, with Construction Services being divided into two segments: Construction Services Finland and International Construction Services, which includes the business operations in Russia, the Baltic countries and Central Eastern Europe.

The Industrial and Network Services segment was renamed Industrial Services as of January 1, 2008 due to the sale of the Network Services unit.

At the beginning of 2009, the Building Systems and Industrial Services segments merged into a new segment, Building and Industrial Services.

Board of Directors

YIT Corporation's Annual General Meeting held on March 13, 2008 elected the following members to the Board of Directors.

- Chairman: Reino Hanhinen, M.Sc. (Eng.), D.Sc. (Tech.) h.c.
- Vice Chairman: Eino Halonen, M.Sc. (Econ.)

Members:

- Kim Gran, B.Sc. (Econ.), President and CEO of Nokian Renkaat Plc
- Antti Herlin, D.Sc. (Econ.) h.c., D.Sc. (Arts) h.c., Chairman of KONE Corporation's Board of Directors
- Teuvo Salminen, M.Sc. (Econ.), Deputy CEO of Pöyry Plc

All the members of the Board of Directors were independent of significant shareholders in YIT. Excluding Reino Hanhinen, all Board members were independent of YIT.

The organisational meeting of YIT Corporation's Board of Directors was held on March 13, 2008. The Board of Directors elected Eino Halonen as the Chairman of the Audit Committee and Teuvo Salminen and Reino Hanhinen as its members.

The Board of Directors of YIT Corporation decided in its meeting held on October 28, 2008 to form a nomination and rewards committee for the Board of Directors. From the Board of Directors, Reino Hanhinen was appointed as the Chairman and Eino Halonen and Antti Herlin as members of the nomination and rewards committee. The Board of Directors strengthened the committee on November 19, 2008 by nominating Henrik Ehrnrooth as a new committee member from outside of the Board.

The Board of Directors convened 14 times in 2008, the Audit Committee convened 6 times and the nomination and rewards committee convened 2 times. The average attendance rate at the Board meetings was 91 per cent, at the Audit Committee meetings 100 per cent and at the nomination and rewards committee meetings 75 per cent.

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

The Group's Management Board and changes in Group management

The Board of Directors elects the President and CEO of the Company. YIT Corporation's President and CEO is Juhani Pitkäkoski, LL.M. (born 1958) and his deputy is Kari Kauniskangas, M.Sc. (Eng.), B.Sc. (Econ.) (born 1974). Both were appointed on November 20, 2008. Prior to their appointments, YIT Corporation's President and CEO in 2008 was Hannu Leinonen with Sakari Toikkanen as his deputy. Hannu Leinonen left the company. The former Deputy to the President and CEO, Sakari Toikkanen, assumed the position of Senior Vice President, Business Development.

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 YIT Group's Management Board in 2008 comprised:

- President and CEO (Chairman)
- deputy to the CEO (Vice Chairman)
- presidents of the parent companies of the main business segments
- The Group's Chief Financial Officer
- The Group's Senior Vice President, Business Development
- The Group's Senior Vice President, Human Resources

The extended Management Board also included

- Senior Vice President, Corporate Communications and Business Development and
- the Senior Vice President, Investor Relations.

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

Kari Kauniskangas, M.Sc. (Eng.), B.Sc. (Econ.) was appointed Director of the International Construction Services segment formed at the beginning of 2008. Ilpo Jalasjoki, M.Sc. (Eng.) was appointed Director of the Construction Services Finland segment. Tero Kiviniemi, M.Sc. (Eng.), EMBA was appointed on September 25, 2008 as head of the Construction Services Finland business segment and member of the Group Management Board, effective from 1 January 2009, when the previous head of the business segment, Ilpo Jalasjoki, retires on a part-time pension during the spring 2009.

Christel Berghäll, M.Sc. (Econ.) was appointed on August 11, 2008 as Senior Vice President, Human Resources of YIT Group as of November 3, 2008. Veikko Myllyperkiö, M.Sc. (Pol. Sc.) was appointed as Senior Vice President, Corporate Communications of YIT Corporation on December 3, 2008.

In December 2008, it was decided to revise the composition of the Group Management Board as of the beginning of 2009 so that effective January 1, 2009 it will comprise:

- President and CEO (Chairman) and Head of the Building and Industrial Services business segment

Shares and options held by the Board of Directors, the president and CEO and the Group's Management Board, December 31, 2008

	Shares	% of shares outstanding	M options
Board of Directors	810,950	0.64%	-
President and CEO	26,000	0.02%	6,120
Deputy to the President and CEO	1,000	-	6,120
The Group's Management Board excluding the President and CEO and his deputy	19,852	0.02%	24,480

Share and option ownership includes the individuals' direct holdings and the holdings of their close associates and controlled corporations. The ownership information is presented in more detail in the notes to the financial statements for 2008. Up-to-date information can be found on YIT's Internet site.

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

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

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

Auditor

The Annual General Meeting on March 13, 2008 re-elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor, with Heikki Lassila, Authorised Public Accountant, as the chief auditor.

Management's share and share option ownership

On December 31, 2008, the members of YIT Corporation's Board of Directors as well as the President and CEO and his deputy held a total of 837,950 (December 31, 2007: 593,712) YIT shares, corresponding to 0.7 per cent (0.5) of the company's shares and the votes conferred thereby.

On December 31, 2008, the President and CEO and his Deputy held a total of 12,240 Series M share options from 2006. Members of the Board of Directors are not covered by the company's share option programmes. If these options were to be exercised in full, YIT Corporation's number of shares would increase by 12,240 on basis of the subscriptions, increasing the share capital by EUR 241,495.20; on December 31, 2008, this amount would have represented 0.01 per cent of the company's number of votes and 0.16 per cent of the share capital.

Loans to associated parties

The President and CEO, his deputy and the members of the Board of Directors did not have cash loans from the company or its subsidiaries on December 31, 2008.

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 60 and of three others it is 62. In other respects, the statutory retirement age applies to the members of the Management Board.

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

SHARES

The shares and share options of YIT Corporation are quoted on the NASDAQ OMX Helsinki. YIT is included in the sector group Industrials. The company has one series of shares. Each share carries one vote and confers an equal right to a dividend.

Share capital and number of shares

YIT Corporation's share capital was EUR 149,104,766.72 at the beginning of the year and the number of shares outstanding was 127,217,872.

A total of 5,550 shares were subscribed for with the Series K, L and M share options from 2006. As a result of the subscriptions, the share capital was increased by EUR 111,981.50 on April 29, 2008.

At the end of 2008, the share capital amounted to EUR 149,216,748.22 and the number of shares was 127,223,422.

Trading in the share

At the end of 2008, the closing rate of YIT's share was EUR 4.58 (2007: EUR 14.99). YIT's share price decreased by 69 per cent during 2007.

The highest price of the share during 2008 was EUR 19.99 (27.90) and the lowest was EUR 3.70 (EUR 14.79). The average price was EUR 10.89 (EUR 22.15). YIT Corporation's market capitalisation at the end of the year was EUR 576.2 million (EUR 1,907.0 million). Market capitalisation at the end of the year 2008 excludes the own shares held by YIT Corporation.

Share turnover in 2008 amounted to 295,155,593 shares (245,671,719). The value of share turnover was EUR 3,221.4 million (EUR 5,448.3 million). The average daily turnover was 1,166,623 shares (982,687).

Own shares and authorisations of the Board of Directors

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

YIT Corporation did not hold any of its own shares at the beginning of 2008.

YIT Corporation held an Extraordinary General Meeting on October 6, 2008. The meeting decided to authorise the Board of Directors to purchase the company's shares within 18 months of the authorisation and to dispose them within five years from the authorisation. The authorisation granted to the Board of Directors covers 10% of the company's shares, i.e. the acquisition of a maximum of 12,722,342 company shares, purchased with the company's unrestricted equity, and the disposal of the shares according to conditions described in more detail in the Board of Directors' proposal.

During 2008, YIT purchased 1,425,000 of its own shares in accordance with the authorisation granted by the Extraordinary General Meeting on October 6, 2008. Shares were acquired in four batches during 2008: November 28 (470,000 shares at an average price of EUR 4.67), December 1 (430,000 shares at an average price of EUR 4.68), December 2 (450,000 shares at an average price of EUR 4.57), December 3 (75,000 shares at an average price of EUR 4.54).

At the end of 2008, YIT Corporation held 1,425,000 of its own shares. During 2008, no shares in the parent company were owned by subsidiaries.

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

SHARE OPTION PROGRAMMES

The General Meeting decides on share option issues and the terms and conditions of the option programmes. The Board of Directors decides on the distribution of options annually on the basis of the terms and conditions of YIT's share options. Shares in YIT Corporation could be subscribed for in 2008 under the Series K, L and M share options issued in 2006 between April 1 and November 30, 2008.

At the beginning of the subscription periods, a total of 241,800 Series K share options, and a total of 593,460 Series L share options and a total of 734,240 Series M share options had been distributed to the Group's management and key employees. A total of 5,200 shares were subscribed for with Series K options, 3,460 with Series L options and 2,450 with Series M share options by November 30, 2008. A maximum of 731,970 shares can be subscribed for with the remaining Series M share options. The share subscription period with Series K and L share options ended on November 30, 2008.

During the report year, 81,662 Series K share options were traded at an average price of EUR 0.96, 150,180 Series L share options were traded at an average price of EUR 0.96 and 67,240 Series M share options were traded at an average price of EUR 2.15.

2006 share option programme

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

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

YIT Corporation's Board of Directors will confirm the subscription prices of shares prior to the commencement of the subscription periods. The subscription price of Series K and L share options was EUR 20.53. The subscription price of Series M share options is EUR 19.73 per share.

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

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

SHAREHOLDERS

During 2008, the number of registered shareholders rose from 15,265 to 25,515, that is, by 67 per cent. The number of private investors increased by more than 9,500. At the beginning of the year, a total of 52.9 per cent (45.9%) of the shares were owned by nominee-registered and non-Finnish investors, while this figure was 36.5 per cent (52.9%) at year's end.

Flagging notifications

During 2008, five so-called flagging notifications of change in ownership were made in accordance with Chapter 2, section 9 of the Securities Market Act:

- On May 19, 2008, Julius Baer Holding Ltd announced that the fraction of the shares and votes of YIT Corporation held by companies belonging to it had increased to 5.06 per cent as a result of a share transaction on May 7, 2008.
- On July 15, 2008, Julius Baer Holding Ltd announced that the fraction of the shares and votes of YIT Corporation held by companies belonging to it had decreased to 4.99 per cent as a result of a share transaction on July 10, 2008.
- Corbis S.A and Fennogens Investments S.A announced on October 3, 2008, that their combined holdings had increased to 5.70 per cent of YIT Corporation's shares and votes following a share transaction on October 2, 2008.
- Fennogens Investments S.A announced on November 7, 2008, that its holding had increased to 5.85 per cent of YIT Corporation's shares and votes following a share transaction on November 6, 2008.
- Structor S.A announced on November 25, 2008, that its holding had increased to 10.02 per cent of YIT Corporation's shares and votes following a share transaction on November 24, 2008. At the same time it was notified that YIT Corporation shares owned by Fennogens Investments S.A and Corbis S.A have been transferred to Structor S.A, and thus these two companies no longer hold YIT shares.

Shareholders December 31, 2008

	Number of shares	% of shares and votes
Structor S.A.	12,750,000	10.02
Suomi Mutual Life Assurance Company	7,071,180	5.56
Mandatum Life	5,507,004	4.33
Varma Mutual Pension Insurance Company	3,549,804	2.79
Ilmarinen Mutual Pension Insurance Company	2,929,530	2.30
Local Government Pensions Institution	2,483,080	1.95
Svenska Litteratursällskapet i Finland	1,865,000	1.47
Etera Mutual Pension Insurance Company	1,804,400	1.42
State Pension Fund	1,700,000	1.34
YIT Corporation	1,425,000	1.12
Odin Norden C/O Odin Forvaltning As	1,424,966	1.12
Brotherus Ilkka	1,424,740	1.12
Tapiola Group total	1,025,477	0.81
Tapiola General Mutual Insurance Company	616,517	
Tapiola Mutual Life Assurance Company	287,000	
Tapiola Corporate Life Insurance Company	121,960	
Mariatorp Oy	1,000,000	0.79
Tapiola Mutual Pension Insurance Company	886,600	0.70
Nominee registered shares	30,814,918	24.22
Others total	49,561,723	39.74
Total	**127,223,422**	**100.00**

Ownership by shareholder groups, December 31, 2008

	Number of shareholders	Proportion, %	Number of shares	Proportion, %
Corporations	1,799	7.05	12,934,587	10.17
Financial and insurance corporations	100	0.39	20,835,342	16.38
The public sector	49	0.19	14,983,805	11.78
Non-profit institutions	404	1.58	7,432,681	5.84
Households	23,032	90.27	24,577,496	19.32
Non-Finnish shareholders	131	0.51	46,459,511	36.52
- of which nominee registered	3	0.01	36,446,113	28.65
Total	**25,515**	**100.00**	**127,223,422**	**100.00**

Distribution of shareholdings by size class, December 31, 2008

	Number of shareholders	Proportion, %	Number of shares	Proportion, %
1–100	5,332	20.90	372,401	0.29
101–1,000	14,744	57.79	6,550,566	5.15
1,001–10,000	4,873	19.10	14,064,006	11.05
10,001–100,000	490	1.92	13,625,106	10.71
100,001–1,000,000	61	0.24	19,525,319	15.35
1,000,001–10,000,000	12	0.05	36,639,911	28.80
10,000,001–	3	0.01	36,446,113	28.65
Total	**25,515**	**100.00**	**127,223,422**	**100.00**

This information is based on the shareholder list maintained by Finnish Central Securities Depository 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.

ESTIMATE OF FUTURE TRENDS

Market situation

The world economy is in recession. The OECD composite leading indicators published in mid-January show a deep recession in all significant financial areas in the world this year. The OECD predicts that the economy of the eurozone will continue to decline during the first half of this year and that economic growth will remain under the long-term average until mid-2010. At the end of January, the European Commission expected that the GDP of the Eurozone will decrease by 1.8 per cent this year and increase by 0.5 per cent in 2010.

According to Euroconstruct's December forecast, the construction of new housing and business premises will decrease in all Nordic countries both this and next year. Servicing and maintenance, renovation of housing and energy-saving investments will develop steadily. Public investments will increase. The economic situation in civil engineering will remain stable. Construction as a whole will decrease this year in the Nordic countries and level off or turn to moderate growth in 2010 apart from Finland.

The Russian Ministry of Economic Development and Trade predicted this year's GDP to decrease by 0.3 per cent. The forecast is based on a price of USD 41 per barrel of Urals oil and the implementation of the revival measures prepared by the government. The Baltic economies weakened considerably in 2008. Nordea predicts GDP to decrease by 4.5 per cent in Estonia, 6.0 in Latvia and 3.0 in Lithuania this year. The rate of decrease is expected to slow down in all Baltic economies next year.

The German economy will decrease by more than 2 per cent this year according to IFO's December estimate, and a slight decline will continue in 2010. The Austrian Institute of Economic Research, WIFO, predicts that GDP will decrease by 0.5 per cent this year and grow by 0.9 per cent next year. Growth prospects in the Central Eastern Europe countries have weakened due to tightened international financing, current account deficits and slump of European export countries.

Short-term and long-term targets

At the end of September 2008, YIT Group's strategic focus was shifted towards improving cash flow, adjusting the cost structure and ensuring the financial position after the economic conditions and the global financial market crisis had impacted YIT countries. The Group implemented several quick-acting measures. The Group's financial position was strengthened during the fourth quarter by increasing cash reserves by taking out pension loans and long-term and short-term bank loans. The need for capital was reduced by postponing housing start-ups to a better market situation and considerably reducing plot acquisition and other investments. In Russia, a decision was made in October to halt the construction in certain residential projects in the start-up phase; in these projects the sales had not yet begun. In the Baltic countries, YIT decreased actively the number of unsold residential units. The closing of the sales of several business premises were realised successfully at the end of the year. The Group carried out measures to cut EUR 40 million in fixed costs on annual level. The effect of these measures will be seen fully by the third quarter of 2009. In procurement, purchase agreements were adjusted to the market conditions.

The company's aim is to maintain good competitiveness in the tightening market conditions. Towards the end of the year, the focus was shifted from adjusting the cost structure through rapidly effecting measures to strengthening sales and developing operations. In Finland, agreements were made on housing sales in larger entities during the latter part of the year and several preliminary agreements were signed on starting the construction of rental housing during 2009. YIT will continue to reduce production costs through efficient procurement and by developing operations. Cost-efficiency will be increased also by utilising common processes more broadly in business operations as well as support services. Measures to improve the efficiency of invested capital and support cash flow will be continued. Market opportunities that are interesting to YIT will open up as public investments and rental housing production increase and the refurbishment, servicing and maintenance operations and investments in energy sector continue brisk.

After the review period on February 5, 2009, the Board of Directors of YIT Corporation confirmed the financial targets for the strategy period 2009-2011. The cash flow target was set for the first time at Group level. Operating cash flow after investments during strategy period must be sufficient for dividend payout and repayment of debt. The previous numerical revenue growth target of 10 per cent on average per year was abandoned. The target is positive revenue growth. The return on investment target was set at 20 per cent by the end of strategy period, versus the previous target of 22 per cent. The targets for equity ratio and dividend payout remained unchanged. The operating profit target of 9 per cent of revenue was abandoned.

Similarly, the separate target set for the Russian operations - average annual revenue growth of 50 per cent during the period 2006-2009 - was abandoned as the forecastability of the country's economic development in the next few years has weakened substantially.

Other targets remained unchanged. Target for equity ratio is 35 per cent and for dividend payout 40 to 60 per cent of net profit for the period.

In 2008, YIT Group's operating cash flow after investments amounted to EUR -19.4 million, revenue growth was 6 per cent, return on investment was 17.5 per cent, the equity ratio was 30.7 per cent and the Board's proposal for dividend payout for 2008 is 47.6 per cent.

Most significant business risks and uncertainties

YIT's risk management policy aims to identify the major risk factors, taking the special characteristics of YIT's business operations and environment into consideration, and optimally manage the total risk exposure so that the company achieves its strategic and financial objectives. YIT's risk management is an integral part of the Group's management, monitoring and reporting systems. Regular reporting and monitoring take place both at the Group and the business segment level. Identifying the risks and preparing for them mainly takes place in the business units, business groups and business segments.

YIT has specified the most significant risks and their management from the point of view of the entire Group. The most significant risks are associated with changes in the operating environment and rapid growth in Russia. Operative risks are connected with the sales risk of the order backlog, capital and project management, the management system and ensuring skilled personnel. Financial risks include capital management as well as liquidity, interest rate, currency and credit risk, and their management is a part of the Group's financing policy. Damage risks include sudden and unforeseen material damage to the project site and other property. Projects are insured with project-specific insurance policies. Other assets, such as properties, machinery and equipment are insured through continuous property insurance policies in case of material damage. There are few projects that are large considering the overall extent of operations and whose insurance should be separately surveyed.

The most significant short-term business risks and uncertainties are connected with the sales risk of the order backlog and foreseeing and reacting to changes in the operating environment. The most important changes in the operating environment are oil price, which has a strong impact on the economic situation in Russia, and consumer confidence in Finland and Russia.

The sales risk included in the order backlog is mainly comprised of unsold residential units that are under construction and completed. At the end of the year, YIT's residential units under construction or completed but unsold residential units totalled 5,534 in Russia, 1,118 in Finland and 296 in the Baltic countries. In addition, there are 2,485 residential units in Russia whose construction was halted in the start-up phase. The development of consumer confidence brings uncertainty in the development of housing sales. Sales risk is managed by matching the number of housing start-ups with the number of sold residential units. A more detailed account of the structure of the order backlog is presented above under Order backlog and of housing production and measures under Development by business segment.

In Russia, the devaluation of the ruble originating in the financial market crisis has continued rapidly after the turn of the year. The ruble may lose 18 per cent of its value of the turn of the year within the limits of the ruble basket announced by the Bank of Russia on January 22.

The equities of the Russian subsidiaries, EUR 163.7 million, are unhedged in accordance with the finance policy, and the devaluation of the ruble has a negative impact equal to the amount of equity on the Group's shareholders' equity. Net equity investments in Russia were increased at the turn of the year.

If the devaluation of the ruble continues, this will have a decreasing impact on YIT's revenue and operating profit and an increasing impact on financial expenses in 2009. The decision to increase net equity investments in Russia will decrease the impact of fluctuations in the exchange rate of the ruble on financial expenses. On the other hand, financial expenses are increased by an exchange rate loss of EUR 10.5 million due to the valuation of the ruble forward position at the turn of the year, mainly allocated to the first quarter of 2009.

The risks in Gorelovo, Russia are connected with the final costs of implementing the technical solution of the water and sewer connections of the area. Negotiations on the connections are underway. The final costs arising from the delay of the inauguration of the food factory being built to the area will be specified later in accordance with the terms of the agreement made with the customer.

At the end of the year, the value of plots was tested in accordance with the requirements of the IFRS accounting principles. The testing did not result in any material changes in the value of plot reserves. Plot reserves are measured at acquisition cost and the value is impaired when it is estimated that the building being constructed on the plot will be sold at a price lower than the sum of the price of the plot and the construction costs. If the poor market conditions continue, the risk of write-offs to plot values increases.

A more detailed account of YIT's risk management policy and the most significant risks is published in the Annual Report for 2008 and of financial risks in the notes to the 2008 financial statements.

Outlook for 2009

Due to the exceptional uncertainties in the general market situation, the Group's revenue and profit estimate for 2009 will be specified at a later time.

The revenue and profit uncertainties are related to the general economic environment and its impact on building and repair investments, as well as housing sales in Finland and Russia.

At the end of 2008, YIT's order backlog was EUR 3.2 billion, of which EUR 356 million was in postponed housing projects in Russia. The order backlog margins are at normal levels. The order backlog margins of unsold housing production are dependent on the development of housing prices and construction costs.

Approximately half of the revenue in Building and Industrial Services is derived from service and maintenance operations, where demand will develop relatively steadily in spite of the uncertain market conditions. The demand for renovation will continue to grow. Investments in industry and commercial real estate will decrease.

In Finland, housing construction is estimated to decrease, and focus will be on interest-subsidised and market-financed rental housing production. On the other hand, decreasing interest rates support housing demand. Construction of business premises is estimated to halve compared to the previous year. On the whole, building construction will decrease. The number of infrastructure projects will be steady or grow as a result of public sector stimulus measures in 2009.

In Russia, the strong need for housing and the high volume of YIT's ongoing housing production provide a basis for increasing revenue. The unpredictability of revenue and profit development has increased due to the weakening Russian economy, the ruble exchange rate and consumer confidence. The weak market situation in the Baltic countries will continue.

EVENTS AFTER THE END OF THE REVIEW PERIOD

On February 5, 2009, the Board of Directors of YIT Corporation confirmed the financial targets for the strategy period 2009-2011. The cash flow target was set for the first time at Group level. Operating cash flow after investments during strategy period must be sufficient for dividend payout and repayment of debt. The previous numerical revenue growth target of 10 per cent on average per year was abandoned. The target is positive revenue growth. The return on investment target was set at 20 per cent by the end of strategy period, versus the previous target of 22 per cent. The targets for equity ratio and dividend payout remained unchanged. The operating profit target of 9 per cent of revenue was abandoned.

Similarly, the separate target set for the Russian operations - average annual revenue growth of 50 per cent during the period 2006-2009 - was abandoned as the forecastability of the country's economic development in the next few years has weakened substantially.

Other targets remained unchanged. Target for equity ratio is 35 per cent and for dividend payout 40 to 60 per cent of net profit for the period.

Consolidated income statement

1,000 EUR	Note	2008	2007
Revenue	2, 4, 5	3,939,686	3,706,540
Other operating income	6	14,907	21,216
Change in inventories of finished goods and in work in progress		266,125	104,534
Production for own use		4,345	1,671
Materials and services for own use		-2,310,135	-1,945,997
Personnel expenses	9	-1,162,925	-1,069,104
Other operating expenses	7, 10	-459,453	-455,140
Share of results in associated companies	16	-123	1,244
Depreciation and value adjustments	8	-31,830	-27,201
Operating profit		260,597	337,763
Financial income		5,950	2,587
Exchange rate differences (net)		-25,061	-3,810
Financial expenses		-48,377	-30,982
Financial income and expenses	11	-67,488	-32,205
Profit before taxes		193,109	305,558
Income taxes	12	-58,760	-77,582
Net profit for the financial year		134,349	227,976
Attributable to:			
Equity holders of the company		132,935	224,901
Minority interest		1,414	3,075
Earnings per share for profit attributable to the equity holders of the Company during the financial year			
Basic earnings per share, €	13	1.05	1.77
Diluted earnings per share, €		1.05	1.77

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

Consolidated balance sheet

1,000 EUR	Note	2008	2007
ASSETS			
Non-current assets			
Tangible assets	14	104,607	92,509
Goodwill	15	290,964	240,591
Other intangible assets	15	35,143	27,077
Investments in associated companies	16	3,823	3,615
Other investments	17	2,511	2,538
Receivables	18	12,673	15,121
Deferred tax receivables	19	34,563	27,159
Total non-current assets		**484,284**	**408,610**
Current assets			
Inventories	20	1,509,862	1,265,033
Trade and other receivables	21, 3	778,055	727,486
Cash and cash equivalents	22	201,738	60,198
Total current assets		**2,489,655**	**2,052,717**
TOTAL ASSETS		**2,973,939**	**2,461,327**

1,000 EUR	Note	2008	2007
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company	23		
Share capital		149,217	149,104
Legal reserve		1,375	1,009
Other reserves		13,857	13,857
Treasury shares		-6,604	-
Translation differences		-35,219	-9,016
Fair value reserve		-1,682	1,925
Retained earnings		682,183	657,628
		803,127	814,507
Minority interest		4,555	3,843
Total equity		**807,682**	**818,350**
Non-current liabilities			
Deferred tax liabilities	19	68,351	71,485
Pension obligations	24	19,684	7,512
Provisions	25	44,989	34,161
Borrowings	26	516,169	356,885
Other liabilities	27	4,040	1,698
Non-current liabilities		**653,233**	**471,741**
Current liabilities			
Trade and other liabilities	27	1,126,545	920,180
Income tax liabilities		14,461	8,101
Provisions	25	41,955	24,821
Borrowings	26	330,063	218,133
Total current liabilities		**1,513,024**	**1,171,236**
Total liabilities		**2,166,257**	**1,642,977**
TOTAL EQUITY AND LIABILITIES		**2,973,939**	**2,461,327**

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

Consolidated cash flow statement

1,000 EUR	Note	2008	2007
Cash flow from operating activities			
Net profit for the financial year		134,349	227,976
Adjustments for			
Depreciations		31,830	27,201
Reversal of accrual-based items		40,316	6,636
Financial income and expenses		67,489	32,205
Gains on the sale of tangible and intangible assets		-1,279	-18,659
Taxes		58,760	77,582
Adjustments total		197,116	124,965
Change in working capital			
Change in trade and other receivables		4,454	-32,898
Change in inventories		-318,214	-259,826
Change in trade and other payables		132,398	114,948
Change in working capital		-181,362	-177,776
Interest paid		-45,486	-28,834
Other financial items, net cash flow		2,745	1,518
Interest received		5,743	2,249
Dividends received		36	154
Taxes paid		-65,322	-66,163
Net cash generated from operating activities		47,819	84,089

1,000 EUR	Note	2008	2007
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	3	-38,930	-14,074
Disposals of associated companies		-	392
Purchases of property, plant and equipment	14	-33,534	-28,686
Purchases of intangible assets	15	-4,118	-6,443
Increases in other investments		-219	-116
Disposals of subsidiaries and operations	4	4,262	31,687
Proceeds from sale of tangible and intangible assets		4,703	4,386
Proceeds from sale of other investments		648	0
Net cash used in investing activities		-67,188	-12,854
Operating cash flow after investments		-19,369	71,235
Cash flow from financing activities			
Proceeds from share issues		112	2,893
Proceeds from borrowings	26	265,000	168,136
Repayment of borrowings	26	-97,499	-74,23
Change in loan receivables		-1	61
Repayment of current loans	26	103,274	-50,089
Payments of financial leasing debts		-457	-1,355
Purchase of treasury shares	26	-6,604	-
Dividends paid		-102,041	-82,550
Net cash used in financing activities		161,784	-37,141
Net change in cash and cash equivalents		142,415	34,094
Cash and cash equivalents at the beginning of the financial year		59,232	25,850
Foreign exchange rate effect on cash and cash equivalents		-3,905	-713
Cash and cash equivalents at the end of the financial year	22	197,742	59,232

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

Consolidated statement of changes in equity

1,000 EUR

		Equity attributable to the equity holders of the Company										
		Share capital	Share premium reserve	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Minority interest	Total equity
Equity on Jan 1, 2007	**Note**	63,389	83,750	849	13,723	-4,540	1,045	-7	512,355	670,564	3,859	674,423
Items entered directly in shereholders' equity												
Change in the fair value of interest derivatives	11	-	-	-	-	-	1,230	-	-	-		1,230
-Deferred tax		-	-	-	-	-	-320	-	-	-		-320
Change in fair value	17	-	-	-	-	-	-30	-	-	-		-30
Change in translation differences		-	-	-	-	-4,476	-	-	-1,302	-		-5,778
Other change		-	-1	160	1	-	-	7	-166	-	-2,945	-2,944
Items entered directly in shereholders' equity, total		-	-1	160	1	-4,476	880	7	-1,468	-	-2,945	-7,842
Net profit for the financial year		-	-	-	-	-	-	-	224,901	-	3,075	227,976
Income and expences entered during the period, total		-	-1	160	1	-4,476	880	7	223,433			220,004
Dividend paid, 0.65 EUR per share		-	-	-	-	-	-	-	-82,405	-	-146	-82,551
Bonus issue		82,822	-82,822	-	-	-	-	-	-	-		-
Shares subscribed with options		2,893	-	-	-	-	-	-	-	-		2,893
Shares subscribed with options		-	-927	-	133	-	-	-	4,245	-		3,451
Equity on Dec 31, 2007		149,104	0	1,009	13,857	-9,016	1,925	0	657,628	814,507	3,843	818,350
Equity on Jan 1, 2008		149,104		1,009	13,857	-9,016	1,925	0	657,628	814,507	3,843	818,350
Items entered directly in shereholders' equity												
Change in the fair value of interest derivatives	11	-	-	-	-	-	-4,735	-	-			-4,735
-Deferred tax		-	-	-	-	-	1,230	-	-			1,230
Change in fair value	17	-	-	-	-	-	-102	-	-			-102
Change in translation differences		-	-	-	-	-26,203	-	-	-9,579			-35,782
Other change		-	-	366	-		-	-	-183		-435	-252
Items entered directly in shereholders' equity, total		-	-	366	-	-26,203	-3 607	-	-9,762		-435	-39,641
Net profit for the financial year									132,935		1,414	134,349
Income and expences entered during the period, total		-	-	366	-	-26,203	-3,607	-	123,173		979	94,708
Dividend paid, 0.80 EUR per share		-	-	-	-	-	-	-	-101 774		-267	-102,041
Purchase of treasury shares		-	-	-	-	-	-	-6,604	-			-6,604
Shares subscribed with options		113	-	-	-	-	-	-	-			113
Shares subscribed with options		-	-	-	-	-	-	-	3,156			3,156
Equity on Dec 31, 2008		**149,217**		**1,375**	**13,857**	**-35,219**	**-1,682**	**-6,604**	**682,183**	**803,127**	**4,555**	**807,682**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. YIT Group IFRS accounting policies

General information

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

YIT's main market areas are the Nordic countries, Baltic countries, Russia and Central Europe. YIT group's segments are: Building Systems, Construction Services Finland, International Construction Services and Industrial 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 5, 2009. In accordance with the Finnish Companies Act, shareholders may approve or reject the financial statements in an Annual General Meeting held after their release. The General Meeting also has the right to pass a resolution on changing the financial statements.

Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). All the IAS/IFRS standards and SIC/IFRIC interpretations approved by the EU Commission by December 31, 2008 have been complied with. International Financial Reporting Standards refers to Finnish Accounting Act and related legal code based on EU regulation N:o 1606/2002 concerning the adoption of IFRS standards and interpretations in EU. The notes to consolidated financial statements comply also with Finnish GAAP and the Companies Act. The figures in the financial statements are presented in thousands of euros.

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

Application of revised standards and interpretations as from January 1, 2008

The Group has applied the following amendments to standards or new interpretations from January 1, 2008:

The following revised standards and interpretations that have come into force in 2008 did not affect the Group's financial reporting:

- Amendments to IAS 39 Financial instruments: Recognition and measurement and to IFRS 7 Financial instruments: Disclosures (effective from 1.7.2008). The changes did not have an impact on the Group's financial statements. According to Group management there was no need to reclassify any financial instruments.

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 deconsolidated from the date that control ceases. All intra-group transactions, receivables, liabilities and profits are eliminated in the consolidation. Unrealised losses are not eliminated if they are due to impairment.

Associated companies

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

Joint ventures

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

Minority interest

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

Foreign currency translation

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

Transactions and balances

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

Translation of foreign group companies

The income statements of foreign group companies have been translated to euros using the average exchange rate quoted for the calendar months of the reporting period. The balance sheets have been translated using the rates on the closing date. The translation of the result for the period using different exchange rates in income statement and balance sheet results in a translation difference, which is entered in equity in the retained earnings.

Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the hedging result of 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.

Currency exchange rates used in YIT consolidated financial statements:

		Average Rate 2008	Exchange Rate Dec. 2008	Exchange Rate Dec. 2007
1 EUR =	USD		1.3917	1.4721
	SEK	9.6101	10.8700	9.4415
	NOK	8.2181	9.7500	7.9580
	DKK	7.4560	7.4506	7.4583
	EEK	15.6466	15.6466	15.6466
	LVL	0.7028	0.7028	0.7028
	LTL	3.4528	3.4528	3.4528
	RUB	36.3922	41.2830	35.986
	HUF	253.20	266.70	-
	CZK	24.833	26.875	-
	PLN	3.5883	4.1535	-

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

Tangible Assets

Tangible asset are stated at historical cost less depreciation and impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate the cost to over their estimated useful lives. Land is not depreciated. The estimated useful lives of tangible assets are the following:

Buildings	5 - 40 years
Machinery and equipment	3 - 15 years
Other property, plant and equipment	4 - 40 years

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

Government grants

Government grants are recognised as decreases in the carrying amount of property, plant and equipment. Grants are recognised as revenue through smaller depreciations over the economic life of an asset. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Investment property

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

Goodwill

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

Other intangible assets

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

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.

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

Research expenditure is expensed in the income statement. Expenditure on the design of new or more advanced products is capitalised as intangible assets in the balance sheet as from the date when the product is technically feasible, can be utilized commercially and is expected to yield future financial benefits. Capitalised development expenditure is amortised over the economic life, which is estimated to be 5-10 years. 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:

Allocations of business acquisitions	2–10 years
Software and others	2–5 years
Research expenditure	2–5 years

Impairment of tangible and intangible assets

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

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

Employee benefits

Pension liabilities

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

The Group has defined benefit pension plans in Norway, Austria and Germany. Obligations connected with the Group's defined benefit plans are calculated by independent actuaries. The discount rate used in calculating the present value of the pension liability is the market rate of high-quality corporate bonds or the interest rate of treasury notes. The maturity of the reference rate substantially corresponds to the maturity of the calculated pension liability. In defined benefit plans, the pension liability presented is the current value of future pension payments at the closing date less the fair value of the plan assets at the closing date together with adjustments for actuarial gains or losses and past service costs. Pension expenditure is expensed in the income statement, periodising the costs over the time in employment of the employees. Actuarial profits and losses in excess of a certain range of variation are entered for the average remaining time in employment of the employees. Occupational pensions in Sweden have been insured under a pension scheme shared with numerous employers. It has not been possible to acquire sufficient information about these pension liabilities to divide liabilities and assets by employer. Occupational pensions in Sweden have been treated on a defined contribution basis. Supplementary pension insurance liabilities in Finland are recorded on a defined benefit basis.

Share-based payments

The Group has the 2006 share option scheme as an incentive system, in which payments are made as share-based payment transactions. The fair value of share options is determined as at the time granted and expensed in even instalments in the income statement over the vesting period of the rights. The expense determined at the time of granting the option is based on the Group's estimate of the number of options to which it is assumed that rights will vest by the end of the vesting period. The fair value is determined using the Black-Scholes pricing model. The so-called non-market vesting conditions, such as profitability and profit growth target, have not been considered when determining the fair value; they are included in assumptions about the final number of options. When share options are exercised, the cash payments (adjusted for any transaction costs) received on the basis of share subscriptions are entered in the share capital. The Group updates its estimate of the final number of options on each closing date. Changes in estimates are recorded in the income statement.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement. The Group recognises termination benefits when it is committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

In Finland provision is charged at the beginning of "YT-procedure". In addition, benefits that the Group has offered in connection with terminations to encourage voluntary redundancy are expensed. Benefits falling due more than 12 months after the balance sheet date are discounted to present value. Other possible liabilities arising from the termination of employees in different legislations are assessed at the closing date and recognised as an expense and liability.

Provisions

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

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

Income taxes

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

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

Financial assets and liabilities

Classification and entry of financial assets

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

The fair values of the financial assets are market rates if one has been reliably available, or otherwise discounted values 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 classifed its financial assets into the following categories:

Financial assets originally measured at fair value through profit and loss

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

Loans and receivables

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 telephone 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. Changes in fair value are entered in the fair value reserves in shareholders' equity, taking the tax impact into consideration. Changes in fair value are transferred from the fair value reserve to financing income or expenses when the Group disposes of an available-for-sale financial assets or its value has declined such that an impairment loss must be recognised on it. Derecognition of available-for-sale financial assets takes place when the Group has lost its contractual rights to the cash flows or when the risks and benefits connected with the financial assets have transferred outside the Group.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits 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. 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, a part of the items considered write-downs is included in the project cost estimate and taken into consideration as weakened margin forecast. Write-downs on loss-making projects are included in the provisions for losses.

Financial liabilities

Financial liabilities are recorded in the balance sheet at the settlement day and derecognised from the balance sheet when the related obligations expire or transfer outside the Group in accordance with the agreements. Costs of debt are expensed in the financial period in which they were incurred

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

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. Developer contracting-related debts from contract receivables sold to financing companies are also presented in financial liabilities. The debt is presented in current loans in accordance with their nature. In the case of unsold shares, contract receivables sold to financing companies are recognised as liabilities in their entirety and, in the case of sold shares, to the extent that they exceed the debt outstanding on the sold shares in accordance with the degree of completion. Loans from external financial institutions drawn down by housing corporations have been accounted for as liabilities to the extent that they apply to unsold shares.

Financial liabilities measured at fair value

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

Fair value of derivative instruments and hedge accounting

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

Derivative instruments used in hedge accounting that meet the hedge accounting criteria under IAS 39 are entered in the balance sheet at fair value on the day that the Group becomes counterpart to the agreement. The Group has applied hedge accounting for hedging against the reference rate of floating rate loans (cash flow hedging). The Group documents the relationship between the target and the hedging instruments and assesses the effectiveness of the hedging ratio. The effectiveness of hedging is evaluated in connection with the preparation of each financial statements, at minimum. Changes in the fair value of the effective part of derivative instruments meeting the criteria for cash flow hedging are entered in the fair value reserves in shareholders' equity, taking the tax impact into consideration. Gains and losses recognised in shareholders' equity are transferred to financial income or expenses within the same financial periods as the items of the hedging target.

Treasury shares

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

Income recognition

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

Goods and services sold

Income from sales of products is recorded when the significant risks, benefits and control associated with the ownership of the goods have transferred to the buyer. Income from long-term services is recorded on the basis of the degree of completion when the end result of the business operations can be estimated reliably. Income from short-term services is recorded when the service has been performed.

Long-term projects

The income and costs of a long-term project are recorded as revenue and expenses on the basis of the degree of completion when the end result of the project can be estimated reliably. The degree of completion is calculated on the basis of the share of the estimated total cost of a contract represented by the costs realised at the time of assessment. If it is probable that the total expenditure required to complete a contract will exceed the total income from the project, the expected loss is expensed immediately. Long-term projects are recognised as income on the basis of estimates. If the estimates of the end result of a construction contract change, the sales and profits recognised are amended in the financial period when the change first becomes known and can be evaluated.

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

Income from construction projects including leasing liabilities is recognised as revenue on the basis of the percentage of degree of completion, degree of sale and degree of lease income. Leasing liabilities are treated as contract expenses. A provision for leasing liabilities is made if the remaining unrecognised margin of the construction project is lower than the amount of the remaining leasing liability.

Interest and dividends

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

Critical accounting estimates and judgements

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

Estimated impairment of goodwill

Goodwill is tested for any impairment annually in accordance with the accounting policy stated in note 15. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The cash flows in the value-in-use calculations are based on the management's best estimate of market development for the subsequent years. The interest rate used in discounting includes the additional risk factor by each segment.

The cash flows in the value-in-use calculations reflect the best estimate for different time period, and the sensitivity analysis for interest rate level as well as profit margin have been made. The analysis made had no effect on the conclusions of impairment testing presented in the note 15.

Revenue recognition of long-term projects

Due to estimates included in the revenue recognition of long-term projects, revenue and profit presented by financial period only rarely correspond to the equal distribution of the total profit over the duration of the project. Recognition of income from long-term projects is based on the percentage of completion method and the final result of the projects is regularly and reliably estimated. Calculation of the total income of projects includes estimates on the total expenditure required to complete the project as well as the development of sales prices. If the estimates of the end result of a construction contract change, the sales and profits recognised are amended in the financial period when the change first becomes known and can be evaluated. If it is probable that the total expenditure required to complete a contract will exceed the total income from the project, the expected loss is expensed immediately.

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.

Provisions

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

Pension benefits

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

Inventories

At the each closing Group assess the valuing of inventory and possible decrease in value based on the management's best estimate. The estimates are based on systematic and continuous monitoring. Plot reserves are measured at acquisition cost and the value is impaired only when it is estimated that the building being constructed on the plot will be sold at a price lower than the sum of the price of the plot and the construction costs. The valuing of plot reserves has been made by using time period of 3-4 years. If the poor market conditions continue, the risk of write-offs to plot values increases.

Trade receivables

Group books write-offs or provision on receivables when it is evident that no payment can be expected. Group adopts it's 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.

Evaluation of the future impact of new standards and interpretations.

The effect of new or revised standards published by the IASB and endorsed by the EU Commission by December 31, 2008, on YIT Group's reporting:

- **IFRS 8 Operating Segments:** According to the standard, the figures presented must be based on internal reports reviewed by the entity's management and the accounting principles applied therein. The implementation of the standard as of the beginning of 2009 will not change the segment-related information presented substantially, as already previously published segment information was based on the Group's internal reporting structure.
- **IAS 23 (revised) Borrowing Costs:** The revised standard requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, such as a construction project, shall be capitalised as part of the cost of that asset The Group has previously expensed borrowing costs in the period during which they have emerged, which was previously approved. The revision of the standard impacts YIT Group such that borrowing costs attributable to construction projects that begin on January 1, 2009, or thereafter, will be allocated to the project and capitalised in the balance sheet. Capitalised borrowing costs are recognised through profit and loss with an effect on operating profit when the project revenue is recognised.
- **IAS1 (revised), Presentation of Financial Statements:** The changes mainly have an effect on the presentation of the income statement and changes in shareholders' equity and terminology of certain calculations in the financial statements. The group will possibly show both the income statement and comprehensive income statement in the future. Effective January 1, 2009.
- **Improvements to IFRSs – amendments:** A compilation of small and less important amendments to various standards into a single entity. The compilation encompassed 34 standards and the impacts of the amendments vary by standard. The amendments do not have substantial impacts on YIT Group's reporting. Partly effective in 2009 and partly effective in 2010.
- **IFRS 2 Share-based payment – Vesting Conditions and Cancellations:** The standard amendment requires that all features of a share-based payment that are not vesting conditions be included in the grant date fair value of the share-based payment The Group is analysing the impacts of application on future financial statements. Effective January 1, 2009.
- **Amendments to standards IFRS 1** - First-time Adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate. : The amendments have no impact in the YIT Group. Effective January 1, 2009.

IASB has published the following new or revised standards and interpretations that the EU Commission has not endorsed by December 31, 2008, and which the Group has not yet applied. The Group will, however, adopt them as from the effective date of each standard or interpretation or the beginning of the following financial period.

- **IFRIC 15 Agreements for the Construction of Real Estate:** The interpretation provides guidance on when to account for revenue from the construction of real estate based on delivery according to the IAS 18 standard and when the percentage of completion method can be used in accordance with the IAS 11 standard. The entry into force of the interpretation will change YIT Group's revenue recognition from housing developer contracting to take place mainly at the time of delivery, while so far revenue and operating profit have been recognised based on the percentage of completion and percentage of sale. In this respect, the amendment will mainly have an impact on the reporting of revenue, operating profit, profit for the period, inventories, advances received, interest-bearing liabilities, shareholders' equity and balance sheet total. The amendment will also have an impact on the key figures. Application of the percentage of completion method may continue in other construction projects while terms according to IAS 18:14 are fulfilled continuously as the construction progresses. The impression at the closing date was that the EU Commission will enforce the interpretation during early 2009 and that it should be applied to the financial period starting on January 1, 2010.
- **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. Effective as from financial periods starting July 1, 2009 or after.
- **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 as from financial periods starting July 1, 2009 or later.
- **IFRIC 11 - IFRS 2 Group and treasury share transactions:** The interpretation provides guidance on share-based transactions involving treasury shares and requires a reassessment of treasury share transactions in all subsidiaries.
- **IFRIC 12 Service Concession Agreements:** The Group has not had any agreements with the public sector referred to in the interpretation.
- **IFRIC 16: Hedges of net investments in a Foreign Operation.** The interpretation specifies the accounting of hedging of a net investment in a foreign unit in consolidated financial statements, so that the hedging is linked to differences in functional currency not in presentation currency. The Group is analysing the impacts of application on future financial statements. Effective January 1, 2009.
- **IFRIC 17: Distributions of Non-cash assets to Owners:** The interpretation provides guidance on valuing the distributable assets when the assets distributed as a dividend are not cash equivalent. The Group is analysing the impacts of application on future financial statements. Effective January 1, 2009.

The following interpretations that have been published and will take effect at a later time will not have an effect on the Group's financial reporting:

- **IAS 39 Financial Instruments:** Recognition and Measurement – standard amendment: The amendments specify guidelines for hedge accounting for items not present in the Group.
- **IAS 1 Presentation of Financial Statements and IAS 32 Financial Instruments:** Presentation – standard amendments – Puttable Financial Instruments and Obligations arising on Liquidation. The standard amendment requires that puttable own equity financial instruments that meet certain criteria are categorised as equity whereas until now they have been processed as liabilities.
- **IFRIC 13 Customer Loyalty Programs:** The Group has no customer loyalty programs referred to in the interpretation. Effective January 1, 2009.
- **IFRIC 14: IAS 19- The limit of defined benefit assets, minimum funding requirements and their interaction:** The interpretation must be applied for post-employment benefits and defined benefit pension plans, when there is a contractual minimum funding requirement. The interpretation also provides guidance on assessing the amount of the surplus that can be recognised as an asset. YIT Group has a defined benefit pension plan in Norway. This interpretation does not have an impact on the Group's balance sheet.

The changes made in the comparative figures are only due to the changes made in the disclosures in the closing 2008.

2. Segment information

Segment information is given by business segments and by geographical segments determined. YIT group's primary reporting format is a business segment. The business segments follow the structure of YIT group organisation and financial reporting.

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

Segment assets are those operating assets that are employed by a segment in its operating activities or can be allocated to the segment on a reasonable basis. The unallocated items include tax assets, financial assets and group level assets. Capital expenditures include increases of tangible and intangible assets to be employed longer than one financial period.

Business segments

YIT Group is organised into the following business segments:

- **Building Systems:** 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.
- **Construction Services Finland:** Residences: block of flats, single-family houses, leisure solutions. Maintenance of roads, streets and properties, small-scale construction carried out under service agreements, project development, construction investments, renovation and property development projects, as well as infrastructure construction and development projects.
- **International Costruction Services:** Block of flats, single-family houses and leisure solutions. Maintenance of roads, streets and properties. Construction investments, renovation and property development projects.
- **Industrial Services:** Maintenance of industrial plants, industrial processes and road networks. Industrial investments in electrical, automation and ventilation systems, piping and tanks.

From the beginning of year 2008 Construction services - segment divided into two separate segments; Construction services Finland -segment and International construction services - segment. The comparative figures for the year 2007 have been changed. Industrial services- segment figures include the impact of Network services - business unit, which was disposed on December 31, 2007.

SEGMENT INFORMATION 2008

1,000 EUR	Building Systems	Construction Services Finland	International Construction Services	Industrial Services	Other	Eliminations	Group
Operating							
External sales	1,884,331	1,144,171	487,087	421,467	2,630	0	3,939,686
Inter-segment sales	90,671	3,726	6,445	8,238	49,917	-158,997	0
Sales	1,975,002	1,147,897	493,532	429,705	52,547	-158,997	3,939,686
Share of results of associated companies	14	-19	-118				-123
Operating profit	131,798	111,748	9,011	30,240	-22,184	-16	260,597
Unallocated items [1]							-126,248
Group net profit							134,349
Segment's asset	1,011,413	860,944	957,181	267,801	1,465,183	-1,626,969	2,935,553
Shares in associated companies	80	198	3,545				3,823
Segment's assets, total	1,011,493	861,142	960,726	267,801	1,465,183	-1,626,969	2,939,376
Unallocated assets [2]							34,563
Total assets	1,011,493	861,142	960,726	267,801	1,465,183	-1,626,969	2,973,939
Segment's liabilities	660,736	674,935	914,507	197,729	1,175,111	-1,525,112	2,097,906
Unallocated liabilities [3]							68,351
Total liabilities	660,736	674,935	914,507	197,729	1,175,111	-1,525,112	2,166,257
Investments	54,231	1,871	7,025	4,670	17,314		85,111
Depreciations	11,287	294	3,645	3,665	12,939		31,830
Other accrued charged to P/L							
Change in provisions and pension obligations	32,226	1,222	1,621	5,167	-101		40,135

The unallocated items are the following:

1) Financial income and expenses, taxes and minority interest

2) Deferred tax receivables

3) Derferred tax liabilities

SEGMENT INFORMATION 2007

1,000 EUR	Building Systems	Construction Services Finland	International Construction Services	Industrial Services	Other	Eliminations	Group
Operating							
External sales	1,594,896	1,148,910	483,142	478,055	1,537	0	3,706,540
Inter-segment sales	55,101	9,344	2,840	11,788	46,608	-125,681	0
Sales	1,649,997	1,158,254	485,982	489,843	48,145	-125,681	3,706,540
Share of results of associated companies	12	21	1,211				1,244
Operating profit	112,199	133,416	67,208	41,170	-16,190	-40	337,763
Unallocated items [1]							-109 787
Group net profit							227 976
Segment's asset	763,932	823,357	798,098	240,958	905,327	-1,101,119	2,430,553
Shares in associated companies	66	17	3,532				3,615
Segment's assets, total	763,998	823,374	801,630	240,958	905,327	-1,101,119	2,434,168
Unallocated assets [2]							27,159
Total assets	763,998	823,374	801,630	240,958	905,327	-1,101,119	2,461,327
Segment's liabilities	469,592	429,662	703,072	161,769	624,211	-816,815	1,571,491
Unallocated liabilities [3]							71,485
Total liabilities	469,592	429,662	703,072	161,769	624,211	-816,815	1,642,976
Investments	18,448	112	8,414	7,524	17,137		51,635
Depreciations	7,684	373	2,524	3,699	12,920		27,200
Goodwill charged to P/L				8,218			8,218
Other accrued charged to P/L Change in provisions and pension obligations	-1,155	4,402	561	725	-106		4,427

The unallocated items are the following:

1) Financial income and expenses, taxes and minority interest

2) Deferred tax receivables

3) Derferred tax liabilities

GEOGRAPHICAL SEGMENTS

YIT group's geographical segments are Finland, Skandinavia (Sweden, Denmark and Norway), Russia, Baltic countries and Other countries. Revenue are presented by location of customers and assets are presented by location of assets.

1,000 EUR	Finland	Scandinavia	Russia	Baltic countries	Other countries	Eliminations	**Group**
2008							
Revenue	1,866,799	1,294,492	402,326	154,343	221,726		3,939,686
Segment's asset	2,157,204	533,372	787,027	176,263	210,800	-925,290	2,939,376
Gross capital expenditures	30,521	9,489	7,213	363	37,525		85,111
2007							
Revenue	1,907,998	1,228,596	322,594	222,234	25,118		3,706,540
Segment's asset	1,760,342	538,716	563,257	237,101	46	-665,294	2,434,168
Gross capital expenditures	24,813	17,747	6,915	2,160			51,635

3. Acquisitions

Acquisitions in 2008

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

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

Specification of aqcuired net assets of MCE subgroup:

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

Cost of business combination

1,000 EUR	
Paid in cash	34,438
Direct costs related to acquisition	1,651
Total consideration	36,089
Acquired net assets	-14,287
Goodwill	50,376

Cash outflow on the MCE acquisition

1,000 EUR	
Paid in cash	34,438
Direct costs related to acquisition	1,651
Cash and cash equivalents in acquired entity	0
Cash outflow on the acquisition	-36,089
Unpaid part at balance sheet date	7,541
Total cash flow on the acquisition	-28,548

In addition, YIT Group made smaller business acquisitions. Competence as a supplier of energy efficiency solutions was strengthened in the Building Systems segment by acquiring Computec on June 1,2008, an expert in building automation, in Finland, and other acquisitions were made in Finland, Norway, Sweden and Denmark. YIT Construction Ltd acquired an 85% share of the Czech company Euro Stavokonsult s.r.o. on July 1, 2008.

The total cost of acquisitions made during the financial period for the samller acquisitions amounted to EUR 11,3 million. The minor acquisitions did not result in goodwill. The paid premiums were allocated to intangible assets.

The effect of the other acquisitions made in 2008 on the Group's net assets is presented below:

Specification of acquired net assets

1,000 EUR	Fair value	Carrying value
Cash and cash equivalents	966	966
Tangible assets	960	960
Intagible assets	9,541	385
Inventories	1,427	1,427
Receivables	3,522	3,522
Deferred tax liability (net)	-560	-182
Interest-bearing liabilities	-736	-736
Other liabilities	-3,772	-3,772
Acquired net assets	11,348	2,570

Cost of business combination

1,000 EUR	
Paid in cash	11,322
Direct costs related to acquisition	26
Total consideration	11,348
Acquired net assets	11,348
Goodwill	0

Cash outflow on the acquisition

1,000 EUR	
Paid in cash	11,322
Direct costs related to acquisition	26
Cash and cash equivalents in acquired entity	966
Total cash flow on the acquisition	-10,382

Acquisitions in 2007

In 2007, the YIT Group made only small acquisitions of companies and business operations in Finland, Sweden, Norway and Denmark. The acquisitions were made for Building Systems and Industrial and Network Services business segments. They served to bolster further YIT' s current local operations.

The major acquisition were a 100% holdings in Comfort Nord AS, in Brodrene Hagenes AS and in Halden Automasjon AS in Norway, and 100% holdings in Cellpipe AB in Sweden and in Monies & Andersens Eftf. A/S in Denmark, and 100% holding in Inesco Oy in Finland. Their total purchase price was EUR 14,6 million. The acquisitions did not generate unallocated goodwill. Goodwill was primaly allocated to intangible assets.

During the financial year, YIT increased its holding in ZAO YIT Moskovia by 5,1% to 92,9%.

The effect of the acquisitions made in 2007 on the Group's net assets is presented below:

Specification of acquired net assets

1,000 EUR	Fair value	Carrying value
Cash and cash equivalents	2,408	2,408
Tangible assets	1,101	1,101
Intagible assets	11,956	4
Inventories	2,560	2,560
Receivables	9,018	9,018
Deferred tax liability (net)	-291	-291
Other liabilities	-10,138	-10,138
Acquired net assets	16,614	4,662

Cost of business combination

1,000 EUR	
Paid in cash	16,614
Direct costs related to acquisition	0
Total consideration	16,614
Acquired net assets	16,614
Goodwill	0

Cash outflow on the acquisition

1,000 EUR	
Paid in cash	17,638
Direct costs related to acquisition	0
Cash and cash equivalents in acquired entity	2,408
Cash outflow on the acquisition	-15,230
Unpaid part at balance sheet date	1,156
Total cash flow on the acquisition	-14,074

4. Disposals

Disposals in 2008

YIT Kiinteistötekniikka Oy sold the business operations in the areas of investor, lease management and financial administration services for property management. The effective date of the transaction was July 1, 2008.

The effect of disposed companies and businesses on the revenue, net profit for the year and cash flow was the following:

1,000 EUR	1.1.- 31.12.2008
Revenue	5,882
Operating expenses	-5,112
Operating profit	770
Financial expenses	-4
Profit before taxes	766
Net profit	766
Received in cash	4,262
Cash flow effect	4,262

The disposed businesss did not have any effect on Group's net assets.

Total consideration recieved was EUR 4,3 million. Net disposed assets amounted EUR 0 million, accordingly the gain on disposals before taxes was EUR 4,3 million. The gain after taxes amounted EUR 3,2 million.

Disposals in 2007

In 2007 YIT Group sold 71 % holding in YIT Kausta Guder, a subsidiary of a lithuanian group company YIT Kausta and operations of Telenetwork business unit.

The effect of disposed companies and businesses on the revenue, net profit for the year and cash flow was the following:

1,000 EUR	1.1.- 31.12.2007
Revenue	91,513
Operating expenses	-88,735
Operating profit	2,778
Financial expenses	19
Profit before taxes	2,797
Taxes	576
Net profit	2,221
Received in cash	32,196
Direct cost related to disposals	278
Cash in disposed	231
Cash flow effect	31,687

Net assets of the disposed subsidiaries and businesses

1,000 EUR	2007
Property, plant and equipment	3,709
Intangible assets	78
Goodwill	8,218
Inventories	3,734
Trade receivables	1,445
Cash and cash equivalents	231
Total assets	17,415
Deferred tax liabilities	65
Interest bearing liabilities	102
Trade payables and other liabilities	1,573
Total liabilities	1,740
Minority interest	1,435
Net assets	14,240

The total consideration received from the disposals amounted to 32,2 million euros and the net disposed assets amounted to 14,2 million euros, accordingly the gain on disposals before taxes amounted to 18,0 million euros. The gain on the disposals after taxes amounted 11,7 million euros.

The gains on the disposals are shown in other operating income.

5. Long-term construction contracts

1,000 EUR	2008	2007
Contract revenue recognised as revenue in the period	2,983,951	2,657,893
Contract costs incurred and recognised profits less recognised losses to date for work in progress	2,441,200	1,938,564
Gross amount due from customers	134,531	173,410
Gross amount due to customers	346,756	230,412

The expenditure incurred and the profits recognized for the long-term projects, that exceed the amount invoiced for the project, the difference is disclosed in "Trade and other receivables" in the balance sheet. If the expenditure incurred and the profits recognized are lower than the amount invoiced for the project, the difference is disclosed in "Trade and other payables"

6. Other operating income

1,000 EUR	2008	2007
Gains on the sale of tangible assets	979	911
Rent income	2,395	1,439
Gains on disposed companies or businesses	4,262	17,956
Other income	7,271	910
Total	14,907	21,216

7. Other operating expenses

1,000 EUR	2008	2007
Losses on the sale of tangible assets	114	208
Rent expenses	101,496	92,701
Voluntary indirect personnel expenses	16,598	16,952
Other variable expenses for work in progress	248,856	257,911
Other fixed expenses	92,389	87,368
Total	459,453	455,140

Audit fee

1,000 EUR	2008	2007
Pricewaterhousecoopers Oy, Authorised Public Accountant		
Audit fee	1,300	1,000
Other services	466	500
	1,766	1,500

8. Depreciations and impairments

1,000 EUR	2008	2007
Depreciations		
Intangible assets		
on allocations	5,241	2,052
on other intangible assets	4,606	4,830
Tangible assets		
on buildings and structures	1,273	1,215
on machinery and equipment	18,431	16,524
on machinery and equipment,	782	1,450
on other tangible assets	1,497	1,130
Total	31,830	27,201

9. Employee benefit expenses

1,000 EUR	2008	2007
Wages and salaries	943,173	856,467
Pension costs - defined contribution plan	103,539	95,654
Pension costs- defined benefit plan	4,818	4,621
Other post-employment benefits	-446	-121
Share options granted to employees	3,156	3,451
Other indirect employee costs	108,684	109,032
Total	1,162,924	1,069,104

Average number of personnel by business segment

	2008	2007
Building Systems	14,088	12,124
Construction Services Finland	3,503	3,522
International construction services	3,487	2,651
Industrial and Network Services	3,629	4,757
Other	350	340
Total	25,057	23,394

The key management compensation in total are disclosed in Note 35. Related party transactions.

10. Research and development expenses

YIT group's research and development expenses amounted to about 19,0 million euros in 2007 and 22.0 million euros in 2007. 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 euroa	2008	2007
Financial income		
Dividend income on available for sale investments	36	161
Interest income on loans and other receivables	5,503	2,257
Net gains on Available for sale investments	300	0
Transfers from equity	2	0
Changes in fair values on financial instruments at fair value through profit and loss account	0	10
Other financial income on loans and other receivables	109	159
Financial income, total	5,950	2,587
Financial expenses		
Interest expenses on liabilities at amortized cost	-30,206	-21,038
Interest expenses on receivables sold to financing companies	-15,123	-10,504
Other financial expenses on liabilities at amortized cost	-1,588	-357
Interest expenses on hedging derivatives	1,888	917
Interest expenses on non-hedging derivatives	416	189
Realized losses on available for sale investments	-9	-99
Changes in fair values on financial instruments at fair value through profit and loss account	-3,703	0
Interest expenses on finance leases	-52	-90
Financial expenses, total	-48,377	-30,982
Exchange rate gains	95,909	22,645
Exchange rate losses	-120,970	-26,455
Exchange rate differences, net [1)]	-25,061	-3,810
Financial expenses, net	-67,488	-32,205

1) The 15% devaluation of the ruble against it's basket caused EUR 25 million exhange rate losses related to unhedged position of EUR 165 million. The exhange rate losses include also loss of EUR 8 million (EUR -3,7 million) related to interest rate difference from hedging the ruble aginst the euro, and losses of EUR 0,5 (1,5) million for same reason from hedging other currencies against the euro as well as an exhange rate loss of EUR 2,3 million from group consolidation of interest items. At the year-end the actual spread in hedging prices between the ruble and the euro was 0,8 per cent, but the appropriate spread in market prices was 36 per cent. Accordingly, the interest rate affected in valuing the forward agreements at the fair value and resulted in EUR 10,5 million exhange rate gain. Anyhow this exhange rate gain will end to realise in an exhange rate loss during the year 2009 when the mentioned exhange rate forward agreements fall due.

12. Income taxes

Income taxes in the income statement

1,000 EUR	2008	2007
Current taxes	60,741	65,286
Taxes for prior years	-428	30
Deferred taxes	-1,553	12,266
Total income taxes	58,760	77,582

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	2008	2007
Consolidated profit before taxes	193,109	305,558
Income taxes at the tax rate in Finland (26%)	50,208	79,445
Effect of different tax rates outside Finland	3,765	-1,718
Tax exempt income	-123	-832
Non-deductible expenses	5,447	3,355
Deductible expenses	0	-1,854
Net results of associated companies	32	-323
Impact of the changes in the tax rates on deferred taxes	-5,205	98
Impact of losses for which deferred tax asset is recognised	397	-5,385
Impact of losses for which deferred taxes is not recognised	4,667	4,766
Taxes for prior years	-428	30
Income taxes in the income statement	58,760	77,582

13. Earnings per share

	2008	2007
Profit attributable to the equity holders of the Company, EUR 1000	132,935	224,901
Weighted average number of shares, 1000'	127,104	126,872
Earnings per share, EUR	1.05	1.77

Diluted earnings per share is calculated by adjusting number of shares to assume conversion of all diluting potential shares. YIT Corporation has share options, which increase the number of potential dilutive ordinary shares, when the exercise price with an option is lower than the market value of the Company share. The diluting effect is the number of shares that the Company has to issue gratuitously because the received funds from the exercised options do not cover the fair value of the shares. The fair value of the Company share is the average market price of the shares during the period.

	2008	2007
Profit attributable to the equity holders of the Company, EUR 1000	132,935	224,901
Weighted average number of shares, 1000'	127,104	126,872
Effect of the option warrants, EUR 1000	0	156
Diluted average number of shares, 1000'	127,104	127,028
Diluted earnings per share, EUR	1.05	1.77

14. Tangible assets

2008						
1,000 EUR	Land and Water areas	Buildings and Structures	Machinery and Equipment	Other tangible assets	Advance payments	Total
Historical cost at January 1	2,771	33,456	179,110	8,356	966	224,659
Translation differences	-46	-614	-1,169	-3		-1,832
Increases		6,111	25,127	2,003	22	33,263
Acquisitions	361	1,995	2,047	1,762		6,165
Decreases	-64	-908	-4,565	-857	-966	-7,360
Reclassifications		18		157		175
Historical cost at December 31	3,022	40,058	200,550	11,418	22	255,070
Accumulated depreciations and value January 1	-	-18,142	-109,450	-4,558	-	-132,150
Translation differences	-	111	173	13	-	297
Depreciations	-	-1,273	-19,213	-1,497	-	-21,983
Accumulated depreciations of reclassifications	-	141	2,420	812	-	3,373
Accumulated depreciations at December 31	-	-19,163	-126,070	-5,230	-	-150,463
Carrying value January 1	2,771	15,314	69,660	3,798	966	92,509
Carrying value December 31	3,022	20,895	74,480	6,188	22	104,607

2007 1,000 EUR	Land and Water areas	Buildings and Structures	Machinery and Equipment	Other tangible assets	Advance payments	Total
Historical cost at January 1	2,865	32,653	160,701	8,381	2,103	206,703
Translation differences	-13	-106	-727	-5	0	-851
Increases	0	2,083	25,182	1,136	966	29,367
Acquisitions	0	0	1,101	0	0	1,101
Decreases	-81	-292	-4,544	-370	0	-5,287
Disposals	0	-723	-2,564	-422	0	-3,709
Reclassifications	0	-159	-39	-364	-2,103	-2,665
Historical cost at December 31	2,771	33,456	179,110	8,356	966	224,659
Accumulated depreciations at January 1	-	-17,003	-93,577	-4,287	-	-114,867
Translation differences	-	16	404	5	-	425
Depreciations	-	-1,215	-17,973	-1,130	-	-20,318
Accumulated depreciations of reclassifications	-	60	1,696	854	-	2,610
Accumulated depreciations at December 31	-	-18,142	-109,450	-4,558	-	-132,150
Carrying value January 1	2,865	15,650	67,124	4,094	2,103	91,836
Carrying value December 31	2,771	15,314	69,660	3,798	966	92,509

Finance lease assets

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

Machinery and Equipment

1,000 EUR	**2008**	2007
Historical cost at January 1	14,253	14,280
Translation differences	-1,169	-97
Increases	668	699
Decreases	-2,873	-605
Reclassifications		-24
Accumulated depreciations	-9,660	-11,504
Carrying value December 31	1,219	2,749

No impairment losses have been recognised in the years 2008 and 2007. The government grant received are not material. The received government grants have been deducted from the carrying value.

15. Intangible assets

2008

1,000 EUR	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total Other intangible assets
Historical cost at January 1	240,591	14,185	45,029	2,450	61,664
Increases	50,374	0	3,211	1,757	4,968
Acquisitions		14,945	0		14,945
Decreases		-87	-801		-888
Reclassifications		0	2,337	-2,337	0
Translation differences	-1	254	0		254
Historical cost at December 31	290,964	29,297	49,776	1,870	80,943
Accumulated depreciations January 1	-	-3,170	-31,417	-	-34,587
Depreciations	-	-5,241	-4,606	-	-9,847
Translation differences	-	540	-2,401	-	-1,861
Accumulated depreciations of reclassifications	-	87	408	-	495
Accumulated depreciations December 31	-	-7,784	-38,016	-	-45,800
Carrying value January 1	240,591	11,015	13,612	2,450	24,627
Carrying value December 31	290,964	21,513	11,760	1,870	35,143

2007

1,000 EUR	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total Other intangible assets
Historical cost at January 1	248,808	2,229	40,176	918	43,323
Increases	-	0	3,993	2,450	6,443
Acquisitions	-	11,956	0	-	11,956
Decreases [1)]	-8,218	0	-289	-8	-297
Reclassifications	-	0	1,069	-911	158
Translation differences	1	0	80	1	81
Historical cost at December 31	240,591	14,185	45,029	2,450	61,664
Accumulated depreciations January 1	-	-1,118	-26,582	-	-27,700
Depreciations	-	-2,052	-4,830	-	-6,882
Translation differences	-	0	-4	-	-4
Accumulated depreciations of reclassifications	-	0	-1	-	-1
Accumulated depreciations December 31	-	-3,170	-31,417	-	-34,587
Carrying value January 1	248,808	1,111	13,594	918	15,623
Carrying value December 31	240,591	11,015	13,612	2,450	27,077

Allocations from business combinations:

	2008	2007
Customer relations and contract bases	17,423	8,747
Unpatented technology	4,090	2,268
	21,513	11,015

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

		2008	2007
Building Systems			
Finland		68,876	68,876
Sweden		41,805	41,805
Denmark		69,698	69,698
Norway		7,600	7,600
Russia and Baltic		-	-
Central Europe		50,374	-
Construction Services			
Building and Residential construction	-	-	
Business environments	-	-	
Infrastructure	-	-	
International operations		10,861	10,861
Industrial and Network Services		41,750	41,750
Total goodwill		290,964	240,591

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 2009 and for the next coming years on the managaments' best estimate on market development and the projections and on cash flows growing at a standard rate in line with these projections. In the impairment testing on Semtember 2008 a growht rate for terminal value of 2% has been used and the factor does not exceed the long-term actual growth of the business segments in question.

The discount factor employed is YIT's latest confirmed pre-tax WACC (Weigted Average Cost of Capital), which is increased by an additional risk factor that is defined by CGU. A WACC of 8,2 was used in testing. The risk factors used for the business segments were: Industrial services 1%, Building Systems 1% and International Construction Services 3%. The risk factors are always reassessed during testing and can vary between 1-3%.

The goodwill test results are evaluated by comparing the recoverable amount (E) with the carrying amount of the CGU (T), as follows:

	Ratio			Estimate
E		<	T	Impairment
E	0 - 20%	>	T	Slightly above
E	20 - 50%	>	T	Clearly above
E	50% -	>	T	Substantially above

The recoverable amount exceeded the carrying amount substantially in all cash generating units that have goodwill.

16. Investments in associated companies

1,000 EUR	2008	2007
Historical costs on January 1	3,615	2,929
Share of the profit	-123	1,244
Increased	357	0
Disposals	-26	-302
Dividend	0	-256
Historical costs on December 31	3,823	3,615

The carrying amounts of the shares in associated companies does not include goodwill in 2008 and 2007.

YIT Group's associated companies

1,000 EUR	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership %
Arandur Oy	Vantaa	2,279	2,040	4,999	42	33.00%
AS Tartu Maja Betoontooted	Tartto	18,800	4,400	16,200	-470	25.00%
YIT Kuntatekniikka Oy	Mikkeli	714	285	661	-71	40.00%
		21,793	6,725	21,860	-499	

17. Available for sale investments

Available for sale investments

1,000 EUR	2008	2007
Carrying value January 1	2,538	2,970
Increases	1,026	116
Decreases	-951	-518
Changes in fair values	-102	-30
Carrying value December 31	2,511	2,538
Available for sale investments consist of as follows:		
Quoted	86	187
Unquoted	2,425	2,351
	2,511	2,538

18. Non-current receivables

1,000 EUR	2008	2008	2007	2007
	Carrying value	Fair value	Carrying value	Fair value
Trade receivables	173	173	97	97
Loan receivables	9	9	8	8
Other receivables [1)]	12,159	12,159	11,903	11,903
Accrued receivables of derivatives	331	331	3,113	3,113
Total Non-current receivables	12,672	12,672	15,121	15,121

1) Other receivables inlclude definet benefit plan pension assets 11,221 thousand euros (2007 11,038 thousand euros).

Reconciliation to the Note 29 Financial assets and liabilities by category

	2008	2007
Trade receivables	173	97
Other receivables	12,159	11,903
	12,332	12,000
Definet benefit pension asset	-11,221	-11,038
	1,111	962

Non-current receivables don't include receivables from Related party.

19. Deferred tax receivables and liabilities

Changes in deferred tax receivables and liabilities

2008						
1,000 EUR	Jan.1	Translation difference	Recognised in the income statement	Recognised in equity	Acquisitions/ Disposals	Dec. 31
Deferred tax receivables:						
Provisions	16,157	-189	3,267	-	94	19,329
Tax losses carried forward	6,427	-798	-397			5,232
Pension obligations	1,294	38	10			1,342
Percentage of completion method	343	-59	120			404
Other items	2,938	-581	1,163	607	4,129	8,256
Total deferred tax receivables	27,159	-1,589	4,163	607	4,223	34,563
Deferred tax liabilities:						
Allocation of intangible assets	25,490	-6,870	4,682			23,302
Accumulated depreciation differences	8,954	-2,049	3,251		377	10,533
Percentage of completion method	28,217	-3,421	1,790		139	26,725
Fixed production overheads to WIP	885	698	0			1,583
Fair value adjustments of derivatives	693	-40	-29	-623		1
Other items	7,246	3,592	-7,084		2,453	6,207
Total deferred tax liabilities	71,485	-8,090	2,610	-623	2,969	68,351
Translation differences	-	-	75	-	-	
Deferred tax receivables, net	-44,326	6501	1,478	623	1,254	-33,788

Changes in deferred tax receivables and liabilities

2007

1,000 EUR	Jan.1	Translation difference	Recognised in the income statement	Recognised in equity	Acquisitions/ Disposals	Dec. 31
Deferred tax receivables:						
Provisions	15,049	28	1,054	-	26	16,157
Tax losses carried forward	1,156	-120	5,385	-	6	6,427
Pension obligations	1,288	34	-28	-	-	1,294
Percentage of completion method	1,515	-24	-783	-	-365	343
Other items	2,096	-5	853	-	-6	2,938
Total deferred tax receivables	21,104	-87	6,481	-	-339	27,159
Deferred tax liabilities:						
Allocation of intangible assets	19,770	330	5,156	-	234	25,490
Accumulated depreciation differences	5,976	-257	3,235	-	-	8,954
Percentage of completion method	19,235	-442	9,424	-	-	28,217
Fixed production overheads to WIP	1,486	-	-601	-	-	885
Fair value adjustments of derivatives	343	-	30	320	-	693
Other items	5,712	106	1,428	-	-	7,246
Total deferred tax liabilities	52,522	-263	18,672	320	234	71,485
Translation difference	-	-	75	-	-	
Deferred tax receivables, net	-31,418	176	-12,266	-320	-573	-44,326

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 9,4 million (2007 EUR 4,8 million) has been recognised on accumulated losses, of which some part is not approved by tax authorities. Deferred tax liability on undistributed earnings of subsidiaries, where the tax will be paid on the distribution of earnings, has not been recognized in the consolidated balance sheet, because distribution of the earnings is in the control of the Group and it is not probable in the near future.

20. Inventories

1,000 EUR	2008	2007
Raw materials and consumables	20,113	19,436
Work in progress	690,543	488,270
Land areas and plot-owing companies	579,330	567,114
Shares in completed housing and real estate companies	135,890	80,032
Advance payments	83,689	104,417
Other inventories	297	5,764
Total inventories	1,509,862	1,265,033

The write-downs of inventories to net realisable value amounted to 2.800 thousand euros in 2008 and 3.763 thousand euros in 2007.

YIT Group has acquired land areas in Finland and abroad for the construction activities. The acquisition of a land area may be done by buying the ownership of property or of shares of a plot-owing company. The goodwill arisen from the acquisitions of plot-owing companies have been included in the total amount of Land areas and plot-owing companies in inventories.

21. Trade and other receivables

1,000 EUR	2008	2007
	Carrying value	Carrying value
Trade receivables	464,703	451,702
Loan receivables	8	377
Loan receivables from associated companies	89	67
Accrued income from long-term projects	134,531	173,410
Accrued income	39,706	42,857
Tax receivables	46,294	19,485
Receivables from derivative agreements	29,764	4,479
Other receivables	62,960	35,109
Total	778,055	727,486

Trade receivables average amount was 484,772 thousand euros in 2008 (2007 426,770 thousand euros) Group has not received collaterals.

Reconciliation to the Note 29 Financial assets and liabilities by category

1,000 EUR	2008	2007
	Carrying value	Carrying value
Loan receivables	8	377
Loan receivables from associated companies	89	67
	97	444
Trade receivables	464,703	451,702
Accrued income from long-term projects	134,531	173,410
Other receivables	62,960	35,109
	662,194	660,221

22. Cash and cash equivalents

1,000 EUR	2008	2008	2007	2007
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	165,291	165,291	60,198	60,198
Current investments	36,447	36,613	0	0
Total	201,738	201,904	60,198	60,198
Cash and cash equivalents presented in group cash flow statement				
Cash and cash equivalents	165,291		60,198	
Current investments	36,447		-	
Accounts with overdraft facility	-3,996		-966	
	197,742		59,232	

23. Equity

Share capital and share premium reserve

1,000 EUR	Number of shares, 1000	Share capital	Share premium reserve	Treasury shares
Jan 1, 2007	126,777,072	63,389	83,750	-7
Bonus issue		82,822	-82,822	
Annulment of treasury shares	-400	-	-	7
Shares subscribed with options	441,200	2,893		
Transfer to other reserves			-928	
Dec 31, 2007	127,217,872	149,104	0	0
Jan 1, 2008	127,217,872	149,104	0	0
Shares subscribed with options	5,550	113		
Purchase of treasury shares	-1,425,000			-6,604
Dec 31, 2008	125,798,422	149,217	0	-6,604

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, 2008.
All the issued and subscribed shares have been fully paid to the company. The increases in share capital in 2008 and 2007 resulted from share subscriptions carried out on the basis of share options 2006 and 2004.
The subscription prices were fully booked as an increase in share capital.

Treasury shares

YIT corporation bought own shares in the stock exhange during the year 2008 as follows:

Time	Amount	Price (average)	Price (spread)
1.11.-30.11.2008	470,000	4.67	4,58 - 4,80
1.12.-31.12.2008	955,000	4.63	4,37 - 4,77

Total consideration paid on own shares amounted to 6.604 thousand euros and the treasury shares are disclosed as a separate fund in equity. The consideration paid on treasury shares decreases the distributable equity of YIT corporation. YIT corporation holds the own shares as treasury shares and the company has the right to return them to the market in the future.

Legal and other reserves

Legal reserves include the distributable earnings that have been booked to legal reserve based on the rule of Articles of Associations or by decision of Annual General Meeting. Other reserves include other equity reserves based on the regulation of local group companies.

Translation differences

Translation differences include the exchange rate differences recognised in group consolidation. Also, on the net investment in foreign subsidiaries, which are hedged with currency forwards, the portion of the gains and losses of effective hedges is recognised in equity.

Fair value reserves

Fair value reserves include movements in the fair value of the available-for-sale financial assets and the derivative instruments used for cash flow hedging.

Dividends

After the balance sheet date the Board has proposed to Annual General meeting a dividend of 0,50 euros per share.

Share options

YIT corporation has in force an option scheme with several phases, according to the option scheme to the key persons employed by YIT Group will be granted options in years 2006-2009 from the option scheme issued in the year 2006. Granting the options to the key employees is subject to annual target levels in return on investments and in increase in revenue. The option series 2006K and 2006L have been lapsed by the end of year 2008.

The Group's option series in force are as follows:

Grant year and amount	Ratio	Exercise price, EUR	Subscription periods
2006M 900,000	1:1	19.7300	1.4.-30.11 in years 2008-2009
2006N 900,000	1:1	19.7300	1.4.-30.11 in years 2009-2010

2006M: Granted in 2008 to the group's management and key employees
2006L: Will be granted to group's management and key employees in 2009, if the objectives for the growth and profitability are achieved in 2008. The option rights have been ganted free and the option rights will be lapsed when leaving YIT group before the option rights have been vested.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2008	2008	2007	2007
	Average exercise price in euro/share	Options	Average exercise price in euro/share	Options
January 1	20.53	829,700	15.74	371,240
Granted	19.73	731,340	18.54	688,660
Exercised	20.18	5,550	6.73	223,380
Lapsed	20.53	826,600	10.86	6,820
December 31	19.73	728,890	20.53	829,700

Based on the outstanding share options at the year-end the potential maximum increase in share capital is 14.381.000 euros and 728.890 shares.

In 2008 and 2007 no new option schemes were declared. 171.110 of 2006M options and 900.000 of 2006N options are occupied by YIT Group at the year-end.

The fair value of options issued in 2006, determined using the Black and Scholes valuatin model, was in average 5.770 euros per share.

The key factors used in the valuation are:

2006	
Average weighted price of share (EUR)	21.93
Average weighted exercise price (EUR)	21.18
Volatility	23.70%
Duration	3.8
Risk free interest	3.82%
Dividends	0%

The expected volatility have been determined on the basis of the actual volatility of YIT share for the period before the granting date corresponding the duration of option schemes .

24. Employee benefit obligations

	2008	2007
Balance sheet obligations for::		
Pension benefits	7,779	4,284
Other post-employment benefits	11,905	3,228
	19,684	7,512
Income statement charge for:		
Pension benefits	4,818	4,621
Other post-employment benefits	-446	-121
	4,372	4,500

(a) Pension benefits

The Group has a definet 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.

	2008	2007
The amounts recognised in the balance sheet are determined as follows:		
Present value of funded obligations	61,929	74,902
Fair value of plan assets	-60,512	-71,457
Deficit/surplus	1,417	3,445
Present value of unfunded obligations	7,844	5,034
Unrecognised acturial gains/losses	-12,702	-15,233
Net pension liability	-3,442	-6,754
Defined benefit pension assets (Note 19)	11,221	11,038
(a) Pension liability in balance sheet	7,779	4,284

	2008	2007
The movement in the defined benefit obligation over the year is as follows:		
At 1 January	79,936	62,780
Exchange differencies	-15,116	0
Current service Cost	3,110	3,264
Interest cost	2,843	2,976
Contribution by plan participants	-	-
Other actual loss / gain	-4,163	12,689
Benefits paid	-1,601	-1,772
Liabilities aquired in a business combination	4,764	0
At 31 December	69,773	79,936
The movement of plan assets of the year is as follows:		
At 1 January	71,457	63,437
Exchange differencies	-13,135	2,244
Expected return of plan assets	3,390	3,779
Actuarial losses	-4,710	
Empoyer contribution	5,026	3,770
Benefits paid	-1,515	-1,772
At 31 December	60,512	71,457

The actual return on plan assets was EUR 0,2 million in 2008 (2007 EUR 4,1 million).
The plan assets are 80% invested in interest-bearing instruments and 20% in equity instruments.

	2008	2007
Discount rate	4,30%-5,25%	4.6%
Rate of salary increase	3%-4%	4.5%
Rate of pension increases	2%-2,25%	4.3%
Rate of expected return on plan assets	6.30%	5.6%

The future mortality rate and average life expectancy in years are based on statistics in each country.

(b) Other post-employment liabilities

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

	2008	2007
The amounts recognised in the balance sheet are determined as follows:		
Present value of unfunded obligations	11,905	3,228
Liability in the balance sheet	11,905	3,228
The movement in the defined benefit obligation over the year is as follows:		
At 1 January	3,228	7,165
Contribution by plan participants	16	0
Actuarial losses / gains	69	-1,006
Benefits paid	-244	0
Liabilities aquired in a business combination	8,836	-2,931
At 31 December	11,905	3,228
Amortisation of unrecognised gain/loss	69	-1,006
Total	69	-1,006

25. Provisions

1,000 EUR	Provisions for long-term projects	Provisions for loss making projects	Other provisions	Total
January 1,2008	40,033	771	18,178	58,982
Translation difference	-611	-85	-245	-941
Provision additions	23,480	4,673	16,230	44,383
Released during the period (+)	-8,106	-1,706	-1,874	-11,686
Reversals of unused provisions (-)	-584	-110	-3,100	-3,794
December 31, 2008	54,212	3,543	29,189	86,944
Current	35,930	0	9,059	44,989
Non-current	18,282	3,543	20,130	41,955
Total	54,212	3,543	29,189	86,944

Provisions for long-term projects include provisions for contractual guarantees and for 10-year commitments in construction industry EUR 28,5 million. The amount to 10-year commitments in construction industry is determined on the basis of experience of the realization of commitments.
Other provisions include the provision for rental guarantees EUR 4,2 million and provisions for restructuring EUR 4,3 million.

26. Borrowings

1,000 EUR	2008 Carrying value	2008 Fair value	2007 Carrying value	2007 Fair value
Non-current liabilities				
Bonds	199,841	174,062	249,929	246,896
Loans from credit institutions	161,681	162,144	104,696	103,571
Pension loans	152,917	150,525	420	410
Other loans	898	898	525	525
Finance lease liabilities	832	832	1,315	1,315
Total	516,169	488,461	356,885	352,717
Current liabilities				
Bonds	50,053	50,000	74,971	74,985
Loans from credit institutions	80,083	80,083	3,919	3,919
Overdraft facility used	3,998	3,998	966	966
Pension loans	25,399	25,399	1,047	1,047
Commercial papers	17,794	17,956	0	0
Developer contracting liabilities				
Receivables sold to financing companies [1)]	95,467	95,467	102,863	102,863
Liability in housing corporation loans [2)]	48,225	48,225	33,951	33,951
Other loans [3)]	8,601	8,601	0	0
Finance lease liabilities	443	443	416	416
Total	330,063	330,172	218,133	218,147

In the table are included all other liabilities than presented in note 27.

The fair values of bonds and commercial papers are based on the market price of the bonds at the closing date.

The increased volatility and increased spread between bid prices and asked prices resulted in decrease in the fair value of bonds. The fair values of other loans are based on discounted cash flows. Discount rate is defined to be the rate YIT Group was to pay for an equivalent external loans at the year-end. It consist of risk free market rate and company and maturity -related risk premium of 0.60-3.00% (0.30-1.50%).

1) The construction-stage contract receivables sold to banks and other financing companies totalled EUR 163.3 million (in 2007 EUR 257.5 million) at year end. Of this amount, EUR 95.5 million (EUR 102.9 million) is included in interest-bearing liabilities in the balance sheet and the remainder comprises receivables with qualify for derecognition according to IAS 39.15-37 and AG 36-52. The interest paid on sold receivables to the financing companies, EUR 15.1 million (EUR 10.9 million), is all included in net financial expenses.

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

3) Other loans include unpaid purchase prices of housing and premisis plots 8,582 thousand euros.

Bonds

1,000 EUR	Interest rate	Currency	Nominal value
Fixed-rate bonds			
3/2003-2009 [1)]	4.750	EUR	50,000
Floating-rate bonds			
1/2006-2011 [2)]	3.503	EUR	50,000
2/2006-2016 [3)]	3.499	EUR	50,000
1/2007-2014 [4)]	3.563	EUR	50,000
2/2007-2012 [5)]	3.419	EUR	50,000
			250,000

Terms of the bonds in brief:

1) Loan-period Oct 1, 2003 - Oct 1, 2009, interest payments in arrear at October 1, annually. The bond is unsecured. ISIN koodi FI0003014142.
2) Loan-period Sept 27, 2006 - Sept 27, 2011, interest payments in arrear at December 27, March 27, June 27 and September 27 annually. Interest rate is 3 months Euribor + 0.45%. The bond is unsecured. ISIN code FI0003022442. (Private Placement).
3) 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%.
   Amortizations á 3,570,000 euros semiannually March 28 and September 28, will start March 28, 2010. Loan is not secured. ISIN code SE0001826686. (Private Placement).
4) 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 +0.50%. Loan is not secured. ISIN code FI0003024216. (Private Placement).
5) 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 koodi SE0001991068. (Private Placement).

Finance lease liabilities

1,000 EUR	**2008**	2007
Finance lease liabilities fall due in as follows:		
No later than 1 year	838	1,177
1-5 years	582	667
Later than 5 years	0	0
Total minimum lease payments	1,420	1,844
Present value of minimum lease payments		
No later than 1 year	442	416
1-5 years	833	1,315
Later than 5 years	-	-
Total present value of minimum lease payments	1,275	1,731
Future finance charges	145	113
Finance expenses charged to income statement	52	113

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

27. Trade and other payable

1,000 EUR	2008 Carrying value	2007 Carrying value
Non-current liabilities		
Trade payables	145	444
Other liabilities	3,895	1,254
Total non-current payables	4,040	1,698
Current liabilities		
Trade payables	227,029	185,652
Accrued expenses	242,593	218,425
Liabilities of derivative instruments	5,667	457
Accrued expenses in work in progress	156,061	160,122
Advances received	346,756	230,412
Other payables	148,439	125,112
Total current payables	1,126,545	920,180

Accrued expenses

	2008	2007
Accrued employee-related liabilities	155,768	155,697
Interest expenses	6,670	4,763
Other accrued expenses	80,155	57,965

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

	2008	2007
Non-current liabilities	4,040	1,698
Derivatives (in hedge accounting)	-2,257	0
Accrued expenses	-189	0
Other liabilities (Note 26)	898	525
Finance leases (Note 26)	832	1,315
	3,324	3,538
Current trade and other payables	1,126,545	920,180
Accrued expenses	-242,593	-218,425
Derivatives	-5,667	-457
Accrued expenses in work in progress	-156,061	-160,122
	722,224	541,176

28. Fair values of derivative instruments

Nominal values

1,000 EUR	2008	2007
Foreign exchange forward contracts	213,698	245,477
Interest rate forward contracts		
Hedge accounting applied		
Interest rate swaps	135,000	210,000
Hedge accounting not applied		
Cancellable interest rate swaps	52,000	62,000
Interest rate forward agreements	25,000	100,000
Interest rate caps	27,164	27,790
	239,164	399,790

Fair values

1,000 EUR	2008	2008	2 008	2007	2007	2 007
	Positive fair value (carrying value))	Negative fair value (carrying value)	Net value	Positive fair value (carrying value))	Negative fair value (carrying value)	Net value
Foreign exchange forward contracts						
Hedge accounting applied	0	0	0	0	0	0
Hedge accounting not applied	37,480	-10,682	26,798	4,324	-721	3,603
Total	37,480	-10,682	26,798	4,324	-721	3,603
Interest rate derivatives						
Hedge accounting applied	0	-2,333	-2,333	2,401	0	2,401
Hedge accounting not applied	330	-3,263	-2,933	1,153	-22	1,131
Total	330	-5,596	-5,266	3,554	-22	3,532

All derivatives are hedges according to Group's financial risk management policy, but hedge accounting, as defined in IAS 39, is applied only to certain derivative contracts. Foreign exchange forward contracts are mainly designated as hedges of financial items and have been charged to P/L in finance expenses. Foreign exchange forward contracts maturity dates are mainly within 2009. 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 are long-term agreements corresponding the maturity of hedged liability, except for the derivatives of nominal value of EUR 25 million (EUR 100 million), which are due within the year 2009. Interest rate options are designated as hedges of rental agreements linked to floating interest rates. Changes in the fair value of interest rate options have been charged to P/L.

29. Financial assets and liabilities by category 2008

2008									
1,000 EUR	Financial assets available for sale	Loans and other receivables	Initial recognition at fair value through profit or loss	Held for trading	Derivatives / hedge accounting	Finance liabilities	Carrying value	Fair value	Note
Valuation	Fair value	Measured at amortised cost	Fair value	Fair value	Fair value	Measured at amortised cost			
Non-current financial assets									
Available for sale investments [1)]	2,511						2,511	2,511	17
Receivables									
Loan receivables		9					9	9	18
Trade receivables and other receivables		1,111					1,111	1,111	18
Derivatives (hedge acoounting not applied)				331			331	331	18, 28
Current financial assets									
Receivables									
Loan receivables		97					97	97	21
Trade receivables and other receivables		662,194					662,194	662,194	21
Derivatives (hedge accounting applied)					0		0	0	21, 28
Derivatives (hedge acoounting not applied)				29,764			29,764	29,764	21, 28
Cash and cash equivalents		201,738					201,738	201,904	22
Total by valuation group	**2,511**	**865,149**	**0**	**30,095**	**0**	**0**	**897,755**	**897,921**	
Non-current financial liabilities									
Borrowings						514,439	514,439	486,262	26
Other liabilities									
Trade payables and other liabilities						3,324	3,324	3,324	26, 27
Derivatives (hedge accounting applied)					2,257		2,257	2,257	27, 28
Current financial liabilities									
Borrowings						330,063	330,063	330,063	26
Trade payables and other liabilities									
Trade payables and other liabilities						722,224	722,224	722,224	26, 27
Derivatives (hedge accounting applied)					76		76	76	27, 28
Derivatives (hedge acoounting not applied)				5,591			5,591	5,591	27, 28
Total by valuation group	**0**	**0**	**0**	**5,591**	**2,333**	**1,570,050**	**1,577,974**	**1,549,797**	

1) Quoted shares valued at fair value 86 thousand euros and unquoted shares valued at cost less impairments 2,425 thousand euros.

2007 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	2,538						2,538	2,538	17
Receivables									
Loan receivables		8					8	8	18
Trade receivables and other receivables		962					962	962	18
Derivatives (hedge accounting applied)					1,992		1,992	1,992	18, 28
Derivatives (hedge acoounting not applied)				1,121			1,121	1,121	18, 28
Current financial assets									
Receivables									
Loan receivables		444					444	444	21
Trade receivables and other receivables		660,221					660,221	660,221	21
Derivatives (hedge accounting applied)					408		408	408	21, 28
Derivatives (hedge acoounting not applied)				4,071			4,071	4,071	21, 28
Cash and cash equivalents		60,198					60,198	60,198	22
Total by valuation group	**2,538**	**721,833**	**0**	**5,192**	**2,400**	**0**	**731,963**	**731,963**	
Non-current financial liabilities									
Borrowings						355,045	355,045	350,877	26
Other liabilities									
Trade payables and other liabilities						3,538	3,538	3,538	26, 27
Current financial liabilities									
Borrowings						218,133	218,133	218,147	26
Trade payables and other liabilities									
Trade payables and other liabilities						541,176	541,176	541,176	26, 27
Derivatives (hedge accounting applied)					0		0	0	27, 28
Derivatives (hedge acoounting not applied)				457			457	457	27, 28
Total by valuation group	**0**	**0**	**0**	**457**	**0**	**1,117,892**	**1,118,349**	**1,114,195**	

30. Financial risk management

YIT Group is exposed to variety of financial risks in its business operations. Main risks are credit risk, liquidity 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 peformance Risk management is carried out by the Group's finance department 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 management and financial personnel.

Responsibilities in between the finance department and operating units are defined in the Group's finance policy. Operating units are responsible for providing the finance department with up to date and precise 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 finance policy defines main principles and methods for financial risk management and specific finance-related areas (e.g. commercial guarantees, relationships with financers and customer financing).

Interest rate risk

The Group does not have any significant interest bearing receivables. Consequently, 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 taking fixed rate loans and 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 +/- 1.0 year at the decision of Vice President, Corporate Finance. 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 1.58 years (1.28 years).

The cash flow risk related to two floating-rate loans is hedged by using interest rate swaps. Nominal amount of the loans are EUR 100 and EUR 35 million (175 and 35 million) and their reference interest rates are 3 months and 6 months euribor interest rates respectively. The hedged cash flows will realise whithin tree years. As a rule, the Group applies hedge accounting as set out in IAS 39 to hedge its cash flow interest rate risk (Notes 28 to 29). The hedges are effective and according to accounting policies changes in fair value are recognised in the hedging reserve in equity.

In addition, the Group has hedged the cash flow risk associated with a loan with nominal value of EUR 25 million and reference interest rate 3 months euribor with interest rate derivatives for which hedge accounting as set out in IAS 39 is not applied, Fair value changes of these derivative instruments are recognised as financial income and expenses in the income statement according to the accounting policies (Note 11).

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 62 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.

Loans issued at fixed interest rates comprised 51% (2007: 64%) of the loan portfolio. Weighted average interest rate of the loans at fixed rate was 4.449% (2007: 4.555%). Weighted average interest rate of the loans at variable rates was 4.924% (2007: 5.563%). The weighted average interest rate of the loan portfolio as a whole was 4.680% (2007: 4.921%). These figures include effect of derivative instruments. Derivatives increase the average interest rate of the loan portfolio by 0.074 (decrease 0.349) 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 change in interest rate level on yearly net interest expenses). The effect on yearly net interest expenses would have been EUR 1.4 million (EUR 1.9 million) net of tax. One percentage point change in interest rates has been used for each currency and the effect of analysis has varied from EUR 1.4 million to EUR 4.5 million. In addition, the effect of fair valuation of interest rate derivatives for which the hedge accounting is not applied would have been EUR 1.9 million (EUR 2.3 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	2008	2 007
< 1 month	-23,083	-189,724
1 to 3 months	-175,382	-62,206
3 to 12 months	-143,480	-183,841
1 to 5 years	-274,991	-188,261
> 5 years	-38,000	0
	-654,936	-624,032

Figures in the table are nominal values.
Off-balance sheet receivables sold to financial institutions amounting to EUR 67.8 million (EUR 154.9 million) are included in these figures.

In addition to interest bearing net debt, the foreign exchange forward contracts associated with the intra-group loans expose the Group's result to the interest rate risk. The Group's external loans are mainly denominated in euros, but the subsidiaries are financed in their functional currency. The parent company is exposed to the interest rate risk of the different functional currencies in the Group when it hedges the foreign exchange risk arising from the foreign currency denominated loans granted to subsidiaries using foreign exchange forward contracts. The most significant currency of the intra-group loans is the Russian Rouble. As the parent company hedges the receivables denominated in Roubles, the parent company has to pay the interest rate difference between the Rouble and Euro.

At the balance sheet date, if the interest rate related to the Russian Rouble had changed one percentage point with interest rate related to Euro stayed constant, the profit for the period would have changed EUR 1.44 million (EUR 2.44 million) after tax effect. The sensitivity analysis is based on the foreign exchange forward contracts outstanding at the balance sheet date (note 11, reference 1).

A change of one percentage point in interest rates at the balance sheet date would have affected the consolidated balance sheet by EUR 1.5 million (EUR 2.6 million) net of tax. The effect would have changed the fair values of the interest rate derivatives in the hedging reserve in equity.

Credit and counterparty risk

The Group's credit risk is related to clients with open balances or with long term agreements and to the counterparties to cash and cash equivalents and derivative agreements. Operating units are responsible for the credit risk related to operating items, such as trade receivables. Customers and the nature of the agreements differ in between the Group's segments. Customer specific credit risk management is carried out with the segments' finance departments in cooperation with the operating units.

The Group manages credit risk by holding the ownership of the constructions, like apartments and office buildings, until the payment is received; taking advance payments; accelerated payment programs of projects 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 cliente 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 6.6 million (EUR 1.1 million), of which belongs to Industrial services -segment EUR 1.5 million and Building Systems -segment EUR 4.1 million. Increase in credit losses in Building Systems -segment comes mainly from the in 2008 acquired companies in Central Europe. The operating units are not expecting any unusual credit risk arising from trade receivables or from construction contracts. The trade receivables, which are related to sales of apartments and office buildings which are paid 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 2008 is as follows:

1,000 EUR			
Past due	Balance sheet amount	Impaired	Gross
Not past due [1]	377,938	-3,116	381,054
1 to 90 days	65,887	-2,450	68,337
91 to 180 days	8,936	-1,138	10,074
181 to 360 days	3,006	-2,615	5,621
Over 360 days	8,936	-10,177	19,113
Total	464,703	-19,497	484,199

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 finance department is responsible for the counterparty risk of the derivative instruments and cash and cash equivalents. The counterparties are chosen based on the management's estimate on their reliability. The Board of Directors accepts the main banks used by the Group and counterparties to the current investments and their limits. According to the finance policy, only short-term investments related to liquidity management are made. No impairment has been recognised on 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 and repay its loans at maturity. The funding requirements are evaluated based on financial budget prepared in every six months, monthly financial forecast and short-term, timely cash planning. The finance department is responsible for adequacy of funding, availability of different sources of funding and controlled maturity profile of external loans. According to financing policies, in order to minimise the refinancing risk, only 1/3 of the non-current loans can mature over one calendar year.

The Group uses Group accounts with overdraft facilities, financing credit facilities and commercial paper programmes to manage the liquidity risk. The unused financing programmes and mainly uncommitted credit limits totalled at 31 December 2008 to EUR 510 million (EUR 525 million). EUR 130 million of the credit limits are due in 1-3 years and EUR 380 million of the credit limits have no due date. The management and acquisition of the Group's funding is centralised to the finance department. The intra-group loans are directly in between the parent company and the subsidiary. As the cash management is centralised to the finance department, the use of liquid funds can be optimised between the different units of the Group. At the beginning of the financial period the principle was, that deposits are not used as liquidity buffers before the Group's equity ratio exceeds the strategic target level. However, after the financial crisis begun in the last quarter of the financial period, the Group decided to get prepared for the possible need for additional working capital by increasing the liquidity buffer. This was made by withdrawal of non-current loans. At the balance sheet date the Group's cash and cash equivalents amounted to EUR 201.7 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 2008 (31 December 2007). 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 2008

1,000 EUR	2009	2010	2011	2012	2013	2014-	Total	Note
Bonds	59,449	14,219	63,786	61,162	10,730	76,755	286,101	26, 29
Loans from financial institutions	89,123	46,681	20,455	37,778	63,694	22,595	280,326	26, 29
Pension loans	31,618	30,335	29,464	28,593	27,722	58,496	206,228	26, 29
Receivables sold to banks / financial institutions [1)]	89,236	8,131	0	0	0	0	97,367	26, 29
Finance lease liabilities	838	472	60	37	13	0	1,420	26, 29
Other financial liabilities 2)	56,936	4,138	40	40	40	934	62,128	26, 29
Commercial papers	18,000	0	0	0	0	0	18,000	26, 29
Trade and other payables	1,114,231	892	891	0	0	0	1,116,014	27, 29
Interest rate derivatives								
Hedge accounting applied	446	2,070	285	0	0	0	2,801	27, 28, 29
Hedge accounting not applied	-78	0	0	0	0	0	-78	27, 28, 29
Foreign currency derivatives								
cash outflow	206,824	6,874	0	0	0	0	213,698	27, 28, 29
cash inflow	232,799	7,927	0	0	0	0	240,726	27, 28, 29

Contractual maturity analysis of financial liabilities and interest payments at 31 December 2007

1,000 EUR	2008	2009	2010	2011	2012	2013-	Total	Note
Bonds	91,720	62,965	17,730	67,084	63,145	91,892	394,536	26, 29
Loans from financial institutions	10,645	13,174	37,947	13,218	48,925	11,136	135,045	26, 29
Pension loans	1,089	428	0	0	0	0	1,517	26, 29
Receivables sold to banks / financial institutions [1)]	107,965	1,634	0	0	0	0	109,599	26, 29
Finance lease liabilities	1,177	639	12	12	4	0	1,844	26, 29
Other financial liabilities 2)	34,952	31	31	31	31	556	35,632	26, 29
Commercial papers	0	0	0	0	0	0	0	26, 29
Trade and other payables	915,417	849	849	0	0	0	917,115	27, 29
Interest rate derivatives								
Hedge accounting applied	-1,692	-1,131	974	-382	0	0	-2,231	27, 28, 29
Hedge accounting not applied	-240	0	0	0	0	0	-240	27, 28, 29
Foreign currency derivatives								
cash outflow	241,848	0	0	0	0	0	241,848	27, 28, 29
cash inflow	245,477	0	0	0	0	0	245,477	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. The changes in foreign exchange rates reduced the value of the Group's net investments in equity by EUR 26 million as at 31 December 2008 compared to financial statements per 31 December 2007. This was mainly due to the weakening of the Russian Rouble, Swedish Crown and Norwegian Crown.

An increase or decrease of 5 per cent in the exchange rate between the Euro to the Russian Rouble, Swedish Crown and Norwegian Crown would have had an impact of EUR 10.4 million on translation differences under consolidated shareholders' equity net of tax. The change percentage represents the average change in foreign exchange rates over the previous 12 months.

Foreign currency denominated net investments at the balance sheet date

1,000 EUR	2008	2007
	Net investment	Net investment
SEK	82,138	78,842
NOK	31,735	8,725
DKK	21,515	15,288
RUB	168,098	150,919
EEK	19,807	23,320
LTL	30,740	36,431
LVL	22,678	5,445
Other currencies	6,160	46

According to the Group's finance 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 finance department as a counterparty. The finance department 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 2008 the most significant currencies related to commercial agreements and their hedges were GBP and RUB. 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 0.6 million (GBP) and loss of 0.6 million (RUB) 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 Russia, the financial crisis caused a significant increase in the hedging costs over the last quarter. Consequently, the Group's finance policies were changed so that the forward contracts in Russian Roubles were replaced by hedging against the Rouble basket to the counter value of EUR 165 million. The basket structure of the Rouble has been over the whole observation period 45% EUR / 55% USD. The devaluation of the Rouble by 15 percentage points caused a foreign exchange loss of EUR 25 million to the consolidated result for the period. An additional devaluation of one percentage point of the Rouble at the balance sheet date would have caused a foreign exchange loss of EUR 1.6 million. Tax is not considered. (Note 11, reference 1).

In addition to foreign exchange differences due to derivatives held for trading and open Rouble position, 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 (Note 11, reference 1).

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

	Loan agreements		Adjusted by derivatives	
1,000 EUR	2008	2007	2008	2007
EUR	801,922	511,321	458,714	129,846
LVL	23,478	23,478	0	21,998
RUB	20,832	38,825	215,343	336,838
NOK		911		
SEK		479		1,800
LTL		0	49,129	47,536
EEK		4	22,000	37,000
USD			99,159	
PLN			1,366	
CZK			521	
	846,232	575,018	846,232	575,018

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 coing concern in order to increase the shareholder value in a long term. Board of directors has set on February 5, 2009 strategic goals; equity ratio to be 35% and return on investment to be at least 20%

31. Other lease agreements

YIT-Group as lessee

The future minimum lease payments under non-cancellable operating leases:

1,000 EUR	2008	2007
No later tha 1 year	51,573	43,730
1 - 5 years	154,793	108,298
Later than 5 years	145,809	142,240
	352,176	294,267

The operating lease payments charged to income statement in 2008 amounted to 57.082 thousand euros (in 2007 49.389 thousand euros)

The YIT group has leased the office facilities in use. The operating lease agreements of office facilities have a period of validity up to fifteen years. Most of the agreements include the possibility of continuing after the initial expiry date. The index, renewal and other terms of the lease agreements of office facilities are dissimilar to each other. Operating leases include also the liabilities of operating lease agreements of employee cars, which have the average duration of five years

32. Commitments and contingent liabilities

1,000 EUR	2008	2007
Collateral given for own liabilities		
Corporate mortgages	29,265	29,265
Pledged shares	0	0
Other commitments		
Rental guarantees for clients	11,027	7,849
Other contingent liabilities	0	676
Other guarantees	0	12,390
Investment commitments		
Repurchase commitments	139,051	202,938
Contingent assets		
Legal proceedings	-	11,116

Supreme court of Finland issued it's ruling on the case related to the renovation of SOK's former head office Rael estate Vilhovuorenkatu 7 on March 10, 2008. The ruling had a positive effect of EUR 5,7 million on YIT Group's result, which was recognised during the first quarter.

Contingent liabilities

The disagreement that has arisen in the final financial settlement for the mechanical installation works on production line 4, which was completed at Neste Oil's Porvoo oil refinery in Finland in the summer of 2007, was submitted to the court of arbitration in April 2008. In September, Neste Oil specified its claims against YIT Industrial and Network Services in the court of arbitration proceedings by also claiming compensation for lost production. Neste Oil's claims amount to a total of EUR 107 million. YIT is contesting Neste Oil's claims and has presented claims against Neste Oil, mainly based on the alterations and additional work performed, and the additional costs that arose from the prolongation of the contract. No provision is recognised in the financial statements for 2008 due to claims against YIT.

The Group is engaged in numerous legal proceedings that are connected to ordinary operations and whose outcomes are difficult to predict. It is the understanding of the Group that the other legal proceedings do not have significant effect on the Group's result.

33. Subsidiaries

(Excluding the real estate companies presented in inventories)

Company name	Domicile	Holding -%
Shares in subsidiaries, owned by the parent company		
YIT Rakennus Oy	Helsinki	100.00
YIT Building Systems Oy	Helsinki	100.00
YIT Teollisuus- ja verkkopalvelut Oy	Vantaa	100.00
YIT Kalusto Oy	Urjala	100.00
YIT Information Services Oy	Helsinki	100.00
YIT IT East Oy	Helsinki	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 Keskkonnaehitus	Tallinn	100.00
AS Koidu Kinnisvara	Tallinn	100.00
OÜ Plasma Project	Tallinn	100.00
OÜ FKSM KE	Tallinn	100.00
OÜ Servituudihaldus	Tallinn	100.00
OÜ Polaron Holding	Tallinn	100.00
OÜ Vintano	Tallinn	100.00
Nordic Arenduse AS	Tallinn	100.00
AS Normanni Linnagrupp	Tallinn	50.00
SIA YIT Celtnieciba	Riga	100.00
SIA Ebelmuiza Ligzda	Riga	100.00
YIT Vatten & Miljöteknik AB	Landskrona	100.00
ZAO YIT-Genstroi	Moscow	100.00
YIT Invest Export Oy	Helsinki	100.00
ZAO YIT Moskovia	Moscow	92.38
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 Environment Oy	Helsinki	100.00
YIT Project Invest Oy	Helsinki	100.00
ZAO YIT Lentek	St.Petersburg	100.00
OOO YIT Service	St.Petersburg	99.00
Urepol Oy	Helsinki	100.00
CJSC YIT Don	Rostov	60.00

Company name	Domicile	Holding -%
YIT Polska Sp zo.o	Krakow	100.00
AB YIT Kausta	Kaunas	95.35
UAB LEZ Terminalas	Kaunas	100.00
UAB YIT Kausta Bustas	Vilnius	100.00
YIT Salym Development Oy	Helsinki	100.00
ZAO YIT Saint -Petersburg	St.Petersburg	100.00
Tortum Oy Ab	Helsinki	100.00
ZAO YIT Uralstroi	Moscow	71.00
Finn-Stroi Oy	Helsinki	100.00
ZAO YIT CityStroi	Moscow	65.00
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
YIT Stavo s.r.o	Prague	100.00[1]
Shares in subsidiaries, ownwed by YIT Building Systems Ltd		
YIT Sverige AB (konserni)	Solna	
Calor Fastigheter AB	Solna	100.00
Calor AB	Solna	100.00
Calor nr 1 AB	Solna	100.00
Carlsson & Myrberg AB	Solna	100.00
Smedby Värme & Sanitet AB	Solna	100.00
Värmebolaget i Västerås AB	Solna	100.00
Fläktteknik i Umeå AB	Solna	100.00
Cellpipe AB	Solna	100.00
Garantirör i Helsingborg AB	Solna	100.00
Almrins Rörservice AB	Solna	100.00
YIT 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

Company name	Domicile	Holding -%
AS YIT Emico	Tallinn	81.76
YIT Tehsistem SIA	Riga	100.00
YIT A/S	Fredericia	100.00
YIT Monies & Andersens Efif. A/S	Vanløse	100.00
YIT Technika UAB	Vilna	100.00
YIT Austria GmbH	Wien	100.00
YIT Hungary	Budapest	100.00
YIT Poland	Warsav	100.00
Stangl Polska Sp. Z.o.o.	Waldenburg	100.00
YIT Germany GmbH	München	100.00
YIT Cesko Republic s.r.o.	Prague	100.00
YIT Romania S.R.L.	Sibiu	100.00
Shares in subsidiaries, owned by YIT Industry and Network Ltd		
YIT Teollisuus Invest Oy	Helsinki	100.00
OOO YIT Industria	St.Petersburg	100.00
Oy Botnia Mill Service Ab	Kemi	49.83 2)
Kiinteistö Oy Leppävirran Teollisuustie 1	Leppävirta	60.00

1) YIT Group's share in YIT Stavo s.r.o is 100% in IFRS accounting, because the minority share of 15% is assessed to be a share based payment to the management.
2) Oy Botnia Mill Service Ab is fully consilidated due to YIT group's controlling interest.

34. Joint ventures

Group has a joint control of 33, 3% in a company SWTP Constrcution Oy.
The following assets,liabilities, revenues and expenses of the joint venture company are included into consolidated balance sheet and income statement

1,000 EUR	2008	2007
Non-current assets	0	0
Current assets	8	54
Non-current liabilities	0	0
Current liabilities	56	85
Revenues	0	0
Expenses	-17	-34

35. Related party transactions

1,000 EUR	2008	2007
Sales of goods and services	3,558	4827
Purchases of goods and services	13,306	40,094
Trade and other receivables	89	67
Trade and other payables	461	827

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)	2,421	2,174
Termination benefits	992	1,246
Share-based payments, options € 2)	206,589	231,598
Share-based payments, options	46,920	52,600

1) The Board of directors, President and CEO and Deputy to President and CEO and the Management board.
2) The value of the options is based on the fair value determined at the granting date by using the Black & Scholes valuation model.

Retirement age

Retirement age of President and CEO and Executive Vice President and deputy to CEO has been set at 62. The contractual retirement age of one of the members of the Group's Management Board is 60 and for three 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 associated companies	0	63

Income statement, Parent company

1,000 EUR	Note	**2008**	2007
Revenue		0	0
Other operating income	1	17,117	18,033
Personnel expenses	2	8,777	6,471
Depreciation and value adjustments	3	1,731	1,606
Other operating expenses		30,519	27,981
		41,027	36,057
Operating profit		-23,910	-18,024
Financial income and expenses	4	8,267	186
Profit before extraordinary items		-15,643	-17,838
Extraordinary items	5	116,265	161,100
Profit before taxes		100,622	143,262
Change in depreciation difference	6	-358	170
Income taxes	7	-21,741	-37,375
Net profit for the financial period		78,523	106,057

Balance sheet, Parent company

1,000 EUR	Note	2008	2007
ASSETS			
Non-current assets			
Intangible assets	8		
Intangible rights		144	144
Other capitalized expenditure		3,043	1,958
		3,187	2,102
Tangible assets	8		
Land and water areas		1,019	1,019
Buildings and structures		3,962	3,434
Machinery and equipment		2,771	1,916
Other tangible assets		165	189
		7,917	6,558
Investments	9		
Shares in Group companies		336,932	336,924
Other shares and holdings		168	189
		337,100	337,112
Total non-current assets		**348,204**	**345,772**
Current assets			
Long-term receivables	10		
Loan receivables		229,954	87,826
Accrued income		396	480
Receivables	10		
Trade receivables		1,286	1,141
Loan receivables		668,162	413,210
Other receivables		126,267	162,418
Accrued income		40,943	9,515
		1,067,008	674,590
Current investments	11	35,665	15,503
Cash and cash equivalents		142,222	26,476
Total current assets		**1,244,895**	**716,569**
TOTAL ASSETS		**1,593,099**	**1,062,341**

1,000 EUR	Note	2008	2007
EQUITY AND LIABILITIES			
Equity	12		
Share capital		149,217	149,105
Retained earnings		161,855	164,177
Net profit for the financial year		78,523	106,057
Total equity		**389,595**	**419,338**
Appropriations			
Accumulated depreciation difference	13	573	215
Liabilities			
Non-current liabilities	14		
Bonds		200,000	250,000
Loans from credit institutions		140,478	65,478
Pension loans		72,534	692
Advances received		735	735
Other long-term liabilities		80,700	0
Accrued expenses		7	54
		494,454	316,959
Current liabilities	15		
Bonds		50,000	75,000
Loans from credit institutions		83,998	4,806
Pension loans		13,120	1,047
Advances received		31	59
Trade payables		3,877	1,892
Other current liabilities		550,183	236,481
Accrued expenses		7,268	6,544
		708,477	325,829
Total liabilities		**1,202,931**	**642,788**
TOTAL EQUITY AND LIABILITIES		**1,593,099**	**1,062,341**

Cash flow statement, Parent company

1,000 EUR	2008	2007
Cash flow from operating activities		
Profit before extraordinary items	-15,643	-17,838
Adjustments for		
Depreciations	1,731	1,606
Reversal of accrual-based items	-59	136
Gains on the sale of tangible and intangible assets	-70	-146
Financial income and expenses	-8,267	-186
Cash flow before change in working capital	-22,308	-16,428
Change in working capital		
Change in trade and other receivables	-827	268
Change in trade and other payables	3,219	793
Net cash flow from operating activities before financial items and taxes	-19,916	-15,367
Interest paid	-80,847	-48,555
Dividends received	16,883	24
Interest received and financial income	91,654	42,127
Taxes paid	-31,711	-36,985
Net cash generated from operating activities	-23,937	-58,756
Cash flow from investing activities		
Purchases of tangible and intangible assets	-4,186	-1,711
Proceeds from sale of tangible and intangible assets	21	302
Increase in investments	-19	0
Proceeds from sale of other investments	91	201
Net cash used in investing activities	-4,093	-1,208

1,000 EUR	2008	2007
Cash flow from financing activities		
Purchase of treasury shares	-6,604	0
Proceeds from share issues	112	2,894
Increase in loan receivables	-445,962	-72,251
Increase in current loans	373,953	61,923
Proceeds from borrowings	265,000	128,458
Repayment of borrowings	-81,888	-74,237
Dividends paid	-101,774	-82,405
Group contributions received	161,100	128,220
Net cash used in financing activities	163,937	92,602
Net change in cash and cash equivalents	135,907	32,638
Cash and cash equivalents at the beginning of the financial year	41,979	9,341
Cash and cash equivalents at the end of the financial year	177,886	41,979

Notes to income statement

The changes made in the comparative figures are only due to the changes made in the disclosures in the closing 2008.

1,000 EUR	2008	2007
1. Other operating income		
Capital gains on disposals of fixed assets	70	183
Other	17,047	17,850
Total	17,117	18,033
2. Information concerning personnel and Key management		
Personnel expenses		
Wages, salaries and fees	7,330	5,689
Pension expenses	881	306
Other indirect personnel costs	566	476
Total	8,777	6,471
Salaries and fees to the management		
President and executive Vice President	755	630
Members of the Board of Directors, money	296	279
Total	1,051	909
Average personnel	101	92
The fees for the auditors		
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Statutory audit	176	143
Other audit services	168	154
Total	344	297

1,000 EUR	2008	2007
3. Depreciations and value adjustments		
Depreciations on other capitalized expenditures	729	591
Depreciations on buildings and structures	277	242
Depreciations on machinery and equipment	701	742
Depreciation on other tangible assets	24	30
Total	1,731	1,606
4. Financial income and expenses		
Dividend income		
From Group companies	16,863	0
From others	20	24
Total	16,883	24
Interest income from non-current investments		
From Group companies	13,459	6,575
From other companies	0	2
Total	13,459	6,577
Other interest and financial income		
From Group companies	35,500	22,656
From other companies	1,418	625
Total	36,918	23,281
Other interest and financial expenses		
From Group companies	-13,759	-6,439
From other companies	-22,750	-19,285
Total	-36,509	-25,724
Exhange rate gains	72,768	20,116
Exhange rate losses	-95,252	-24,088
Total, net	-22,484	-3,972
Total financial income and expenses	8,267	186

1,000 EUR	2008	2007
5. Extraordinary items		
Extraordinary income		
Group contributions	116,265	161,100
Total	116,265	161,100
Extraordinary items, total	116,265	161,100
6. Appropriations		
The accumulated difference between the depreciations according to plan and depreciations in taxation	-359	170
7. Income taxes		
Income taxes on extraordinary items	-30,229	-41,886
Income taxes on operating activities	8,491	4,591
Income taxes on previous years	-2	-80
Total	-21,740	-37,375

Notes to balance sheet

1,000 EUR	2008	2007
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	8,513	8,056
Increases	1,814	457
Historical cost at December 31	10,327	8,513
Accumulated depreciations and value adjustments Jan 1	6,555	5,964
Depreciations for the period	729	591
Accumulated depreciations and value adjustments Dec 31	7,284	6,555
Book value at December 31	3,043	1,958
Total intangible assets	3,187	2,102
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

1,000 EUR	2008	2007
Buildings and structures		
Historical cost at January 1	7,125	6,394
Increases	805	731
Historical cost at December 31	7,930	7,125
Accumulated depreciations and value adjustments Jan 1	3,690	3,448
Depreciations for the period	278	242
Accumulated depreciations and value adjustments Dec 31	3,968	3,690
Book value at December 31	3,962	3,434
Machinery and equipment		
Historical cost at January 1	8,288	8,073
Increases	1,556	515
Decreases	0	-300
Historical cost at December 31	9,844	8,288
Accumulated depreciations and value adjustments Jan 1	6,372	5,630
Depreciations for the period	701	742
Accumulated depreciations and value adjustments Dec 31	7,073	6,372
Book value at December 31	2,771	1,916
Other tangible assets		
Historical cost at January 1	856	848
Increases	0	8
Historical cost at December 31	856	856
Accumulated depreciations and value adjustments Jan 1	667	637
Depreciations for the period	24	30
Accumulated depreciations and value adjustments Dec 31	691	667
Book value at December 31	165	189
Total tangible assets	7,917	6,558

1000 euroa	2008	2007

9. Investments

Shares in Group companies		
Historical cost at January 1	336,924	336,924
Increases	8	0
Historical cost at December 31	336,932	336,924
Other shares and holdings		
Historical cost at January 1	189	246
Increases	12	0
Decreases	-33	-58
Historical cost at December 31	168	189
Total investments	337,100	337,112

10. Receivables

Non-current receivables		
Receivables from Group companies		
Loan receivables	229,954	87,826
Total	229,954	87,826
Accrued income	396	480
Non-current receivables	230,350	88,306
Current receivables		
Trade receivables	24	65
Receivables from Group companies		
Trade receivables	1,264	1,076
Loan receivables	668,161	413,210
Other receivables	116,265	161,100
Accrued income	13,443	5,383
Total	799,133	580,769

1,000 EUR	2008	2007
Other receivables	1,846	1,099
Accrued tax receivables	8,157	219
Accrue income	27,500	4,132
Total current receivables	836,660	586,284
Total receivables	1,067,010	674,590
Accrued income		
Accrued interests	13,587	5,383
Exhange rate derivatives	27,328	4,046
Other items	26	86
Total	40,941	9,515

11. Cash and cash equivalents

Current investments		
Current investments	35,665	15,503
Market value	35,686	15,541
Difference	21	38

12. Equity

1,000 EUR	2008	2007
Share capital Jan 1	149,105	63,389
Bonus issue from share premium fund	0	82,823
Subscriptions with share options	112	2,893
Share capital Dec 31	149,217	149,105
Share premium fund reserve 1	0	82,823
Bonus issue to share capital	0	-82,823
Share premium reserve Dec 31	0	0
Retained earnings Jan 1	270,233	246,574
Purchase of treasury shares	-6,604	
Annulment of treasury shares	-	7
Dividends paid	-101,774	-82,405
Retained earnings Dec 31	161,855	164,176
Net profit for the financial period	78,523	106,057
	240,378	270,233
Total equity	389,595	419,338
Distributable funds at December 31		
Retained earnings	168,459	164,176
Treasury shares	-6,604	0
Net profit for the financial period	78,523	106,057
Distributable fund from shareholders' equity	240,378	270,233

Treasury shares on December 31, 2008

YIT corporation's holding in treasury shares on 31.12.2008

Amount	% of total share capital	% of voting rights
1,425,000	1.1%	1.1%

YIT corporation bought own shares in the stock exhange during the year 2008 as follows:

Time	Amount	Price (average)	Price (spread)
1.11.–30.11.	470,000	4.67	4.58–4.80
1.12.–31.12.	955,000	4.63	4.37–4.77

13. Appropriations

1,000 EUR	2008	2007
Accumulated depreciation difference Jan 1	215	385
Increase	358	-170
Accumulated depreciation difference Dec 31	573	215

14. Non-current liabilities

1,000 EUR	2008	2007
Liabilities falling due after five years		
Bonds	100,000	78,580
Loans from credit institutions	63,000	10,500
Pension loans	45,000	0
Other loans	56,700	0
Total	264,700	89,080
Bonds		
Floating-rate bond 1/2007 2007-2014, interest 3 month Euribor + 0.51%	50,000	50,000
Floating-rate bond 2/2007 2007-2012, interest 3 month Euribor + 0.40%	50,000	50,000
Fixed-rate bond 3/2003 2003-2009, interest 4.75 %	0	50,000
Floating-rate bond 1/2006 2006-2011, interest 3 month Euribor + 0.45%	50,000	50,000
Floating-rate bond 2/2006 2006-2016, interest 3 month Euribor + 0.48%	50,000	50,000
Total	200,000	250,000

15. Current liabilities

1,000 EUR	2008	2007
Liabilities to Group companies		
Trade payables	2,235	1,495
Other liabilities	489,655	236,236
Accrued expenses	688	0
Total	492,578	237,731
Accrued expenses		
Pension expenses	1,924	1,259
Income taxes	0	2,032
Interest expenses	5,146	3,206
Other	198	47
Total	7,268	6,544

16. Commitments and contingent liabilities

1,000 EUR	2008	2007
Mortgages given as security for loans	29,265	29,265
Pension liabilities are entered in the balance sheet under non-current pension loans.		
Non-cancellable operating lease liabilities	174,843	174,584
Leasing commitments		
Payable during the current financial year	8	8
Payable in subsequent years	28	36
Total	36	44
Other commitments		
Other commitments	83	115
Total	83	115
Guarantees		
On behalf of Group companies	958,822	870,638
Total	958,822	870,638
Derivative contracts		
Foreign currency forward contracts		
Fair value	27,136	3,703
Value of underlying instruments	208,918	280,047
Interest rate swaps and future contracts		
Fair value	-5,596	2,411
Value of underlying instruments	212,000	372,000
Interest rate options bought		
Fair value	331	1,120
Value of underlying instruments	27,164	27,790

17. Salaries and fees to the management

Compensation and incentive schemes

The Annual General Meeting decides on the fees of the Board of Directors. The Board of Directors decides on the president's and his deputy's salary, remuneration and other terms of employment. The Board also decides on the salaries and fees of the members of the Group's Management Board.

Performance bonuses

Most of the Group's salaried employees are included in a performance bonus scheme. The Board of Directors confirms the criteria for the payment of performance bonuses annually. The bonuses paid to management are determined on the basis of the realization of the Group's strategic profitability, growth and development objectives and personal objectives.

Share option programmes

In 2008, YIT had one share option programme. The General Meeting decides on share option issues and the terms and conditions of the option programmes. The Board of Directors decides on the distribution of options annually on the basis of the terms and conditions of YIT's share options.

Remuneration of Board members in 2008

The Annual General Meeting held on March 13, 2008, decided to keep the fees unchanged and pay members of the Board of Directors remuneration for the entire term of office as follows:

- chairman EUR 6,000 per month, or EUR 72,000 per year
- vice chairman EUR 4,500 per month, or EUR 54,000 per year
- members EUR 3,500 per month, or EUR 42,000 per year

Furthermore, it was decided that a meeting fee of EUR 500 will be paid to all the members of the Board of Directors for each Board meeting and EUR 500 to the members of the Audit Committee for each committee meeting. Per diems for trips in Finland and abroad are paid in accordance with the State's travelling compensation regulations. YIT's Board members are not covered by the company's share option schemes.

Board of Directors' fees in 2008

The fees of YIT Corporation's Board members totalled EUR 296,000 in 2008.

Remuneration paid to the president and CEO, his deputy and the Group's Management Board in 2008

	Regular salary inclusive of fringe benefits, EUR	Bonuses, EUR	Option income, EUR	Total, EUR	Granted share options, M
President and CEO	402,678	100,064	-	502,742	8,160
Deputy to the CEO	209,022	43,000	-	252,022	6,120
Group's Management Board (excl. President and CEO and his deputy)	1,145,919	224,104	-	1,370,023	30,600

Shares and options held by the Board of Directors, the president and CEO and the Group's Management Board, December 31, 2008

	Shares	% of shares outstanding	M options
Board of Directors	810,950	0.64%	-
President and CEO	26,000	0.02%	6,120
Deputy to the President and CEO	1,000	-	6,120
The Group's Management Board excluding the President and CEO and his deputy	19,852	0.02%	24,480

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

Loans to associated parties

The President and CEO, his deputy and the members of the Board of Directors did not have cash loans from the company or its subsidiaries on December 31, 2008.

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 60 and of three others it is 62. In other respects, the statutory retirement age applies to the members of the Management Board.

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

Board of directors' proposal for the use of distributable equity

The distributable equity of YIT Corporation on December 31, 2008 amounts 240,378,235.50 euros, of which profit for the financial year 2008 is 78,522,970.02 euros.

The Board of directors proposes that the profit be disposed of as follows:

- Payment of a dividend EUR 0.50 per share to shareholders	62,899,211.00
- Remains in distributable equity	177,479,024.50
	240,378,235.50

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good and in the view of Board of Directors the proposed dividend payout does not jeopardise the company's solvency.

Helsinki, February 5, 2009

Reino Hanhinen
Chairman

Eino Halonen
Vice chairman

Antti Herlin

Teuvo Salminen

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 on 31 December, 2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity 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 CEO

The Board of Directors and the CEO are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the CEO have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 5 February 2009

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Contact Information

We build, develop and maintain quality living environments in 14 countries:
Finland, Sweden, Norway, Denmark, Russia, Germany, Austria, Poland, the Czech Republic, Hungary, Romania, Lithuania, Estonia and Latvia.

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Contacts for Investor Relations are available on page 4.

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