YIT

ANNUAL REPORT 2015

MORE CITY

yitgroup.com

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Every one of us at YIT has an important role in serving customers. Watch a video on customer encounters.

YIT in brief

YIT is a construction industry leader that creates sustainable urban environments by constructing housing, business premises, infrastructure and entire areas. We focus on providing a first-class customer experience, high quality and the continuous development of our diverse expertise. We operate in Finland, Russia, the Baltic countries, the Czech Republic, Slovakia and Poland. Our vision is to stay one step ahead – while caring for our customers, partners and personnel.

The cornerstones of our success

- Innovative project development
- Well-being and competence of personnel
- Close co-operation with various stakeholders
- High quality and reliability
- Comprehensive risk management
- Excellent project management skills

BUSINESS SEGMENTS

HOUSING FINLAND AND CEE

YIT is a forerunner in residential construction in all of its market areas. Our operations are focused on self-developed projects in growth centres. We are actively involved in area development and we develop customer-oriented housing solutions and services. Thanks to our own strong sales network, we are closely in touch with our customers' changing needs and wishes.

HOUSING RUSSIA

YIT has operated in the Russian market for over 50 years, gaining a strong foothold as a reliable and high-quality housing developer. We invest in entire areas, where we build not only apartments, but also basic social infrastructure, such as schools and day-care centres. Our own network of residential sales offices and maintenance companies support our work with customers.

BUSINESS PREMISES AND INFRASTRUCTURE

YIT is an innovative and versatile constructor of business premises and infrastructure. We develop and build projects including customer-oriented office and retail premises, care facilities, logistics and production facilities as well as public buildings in Finland, the Baltic countries and Slovakia. We are one of the largest operators in the infrastructure industry in Finland. We build, repair and maintain structures important for our living environment, such as roads and bridges, metro and train tunnels and train stations.

YEAR 2015

"The best things are a nice home, spending time together and having new friends out in the yard."

EMMA, SCHOOL PUPIL

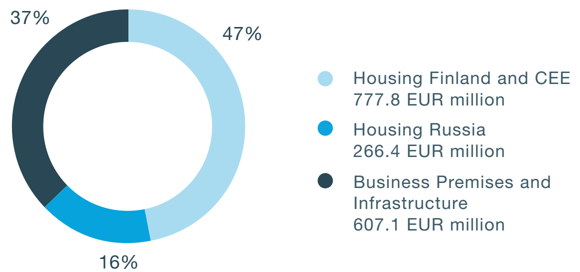
Key figures

POC	1-12/15	1-12/14	Change
Revenue, EUR million	1,651.2	1,801.2	-8%
Operating profit, EUR million	65.7	114.0	-42%
Operating profit margin, %	4.0%	6.3%	
Operating profit excluding non-recurring items, EUR million	76.0	126.4	-40%
Operating profit margin, % excluding non-recurring items	4.6%	7.0%	
Profit before taxes, EUR million	27.0	75.0	-64%
Profit for the period, EUR million (attributable to equity holders of the parent company)	20.0	56.6	-65%
Earnings per share, EUR	0.16	0.45	-65%
Dividend/share*, EUR	0.22	0.18	22%
Operating cash flow after investments, EUR million	183.7	151.9	21%
Return on investment (last 12 months), %	5.3%	7.7%	
Equity ratio at end of period, %	35.5%	32.4%	
Order backlog at end of period, EUR million	2,172.9	2,125.9	2%
Personnel at end of the period	5,340	5,881	-9%

* The figure for 2015 is the Board of Directors' proposal to the AGM

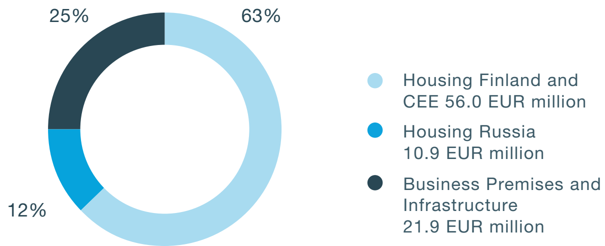
IFRS	12/15	12/14	Change
Gearing ratio, %	101.1%	129.9%	
Equity ratio, %	32.9%	29.2%	
Net interest-bearing debt, EUR million	529.0	696.0	-24%
Balance sheet total, EUR million	1,966.6	2,233.4	-12%

Revenue by segment, POC



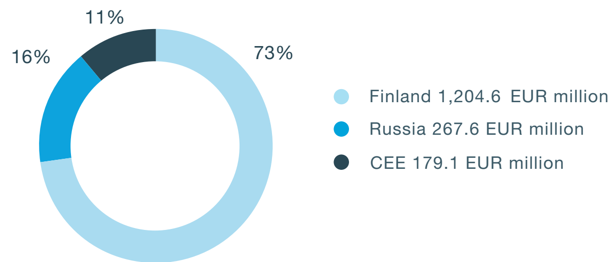
%-shares excluding other items

Operating profit* by segment, POC



* Excluding non-recurring items

Revenue by geographic area, POC



Indicators

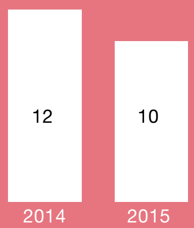
The well-being and commitment of our personnel, occupational safety, corporate responsibility in business and customer satisfaction are key indicators used in the development of our operations.

YIT Code
Online training on corporate responsibility

88% of white-collar employees

YIT Code training was organised for white-collar employees for the first time in 2015. Blue-collar employees will complete the YIT Code training in early 2016. Our goal is that YIT's entire personnel will complete the training.

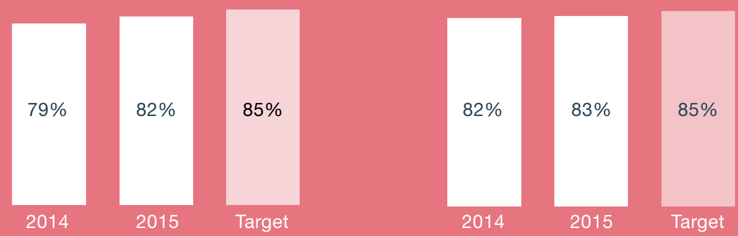
Accident frequency rate



No. of reportable accidents at work per million working hours. Our goal is 0 accidents.

Personnel survey YIT Voice

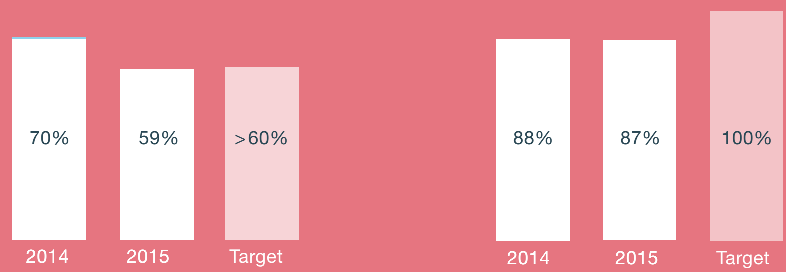
Leadership **Employee engagement**



2015 IBM Europe Norm: 68%/leadership work and 69%/employee engagement (reference group comprises responses in European organisations, including Russia)

YIT's quality indicators

NPS **Q-factor**



NPS, or Net Promoter Score (scale -100%....100%), reflects the degree to which customers are prepared to recommend the company in question. The score is affected by the proportion of Promoters and Detractors among all respondents.

Q-factor reflects the proportion of consumer customers who have no complaints when the apartment is handed over. Flawless handovers are a strategic objective for YIT.

Highlights of the year 2015

YIT is awarded PPP project contracts in Finland for Päiväkehrä school in Espoo and Torkinmäki school and day-care centre in Kokkola

YIT to construct a new building for the National Archives of Estonia

YIT acquires a plot for a significant area development project in Prague, the Czech Republic

YIT signs a EUR 100 million contract on the construction of rental apartments for LocalTapiola in Finland

YIT sells the BW Tower office property and the robot parking facility to be built in connection to the property in Lahti, Finland

Tralli, a consortium formed by YIT, VR Track and Pöyry, is selected as the contractor for the light rail project in Tampere, Finland

Tieyhtiö Vaalimaa Oy, owned by YIT and Meridiam, signs a service agreement with the Finnish Transport Agency regarding the E18 Hamina–Vaalimaa motorway project

YIT is selected as the Real estate developer of the year in Slovakia for the second consecutive year

YIT is ranked #1 among the most desirable employers among construction industry students and trained professionals in Finland

Merenkulkijanranta residential area is nominated for the Finlandia Prize for Architecture

YIT enters the Polish market

YIT is selected to build the new West Harbour passenger terminal in Helsinki, Finland – construction begins with the foundation stone laid in December

TRIPLA BY YIT

YIT obtains a building permit for the first implementation phase – the parking facility – of the Tripla project in Central Pasila, Helsinki, Finland. YIT signs a letter of intent to establish a joint venture to implement the Mall of Tripla and its parking facility

The property management company YIT Service receives an award as the best operator in its industry in St. Petersburg, Russia

YIT acquires two plots for significant area development projects in central Bratislava, Slovakia

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

President and CEO's review

THE year 2015 was characterised by major changes in demand and our operating volume. The Business Premises and Infrastructure segment's order backlog and residential sales in Finland and the CEE countries grew by a third, in spite of the continued decline of consumer demand in Finland. In Russia, however, the ruble was significantly weaker than in the previous year, and residential sales and new start-ups both declined by approximately a third.

Adapting to these changes required rapid renewal in all of our business segments. Our response to the changes included the development of new reasonably priced solutions for our customers. At the same time, we continued our long-term effort to achieve the best customer experience in each of our business segments. We also remained active in training our personnel.

We achieved excellent results with regard to cash flow and capital efficiency, and our net debt decreased from EUR 696 million to EUR 529 million during the year. We also significantly reduced our capital tied up in completed unsold apartments in Finland. The downside of these successes was that the measures to enhance cash flow had a negative impact on our profitability.

The biggest successes in our business operations were achieved in the Business Premises and Infrastructure segment. We were particularly successful during the year in demanding alliance projects and public-private partnership projects that require strong expertise and co-operation. The letter of intent signed regarding the implementation of the Mall of Tripla also represented a significant step towards ensuring positive development in the coming years.

OUR GOAL IS TO BUILD SUSTAINABLE AND COMFORTABLE URBAN ENVIRONMENTS THAT SUPPORT CONVENIENCE IN DAILY LIFE.

The situation in the Housing Finland and CEE segment remained polarised. In Finland, an exceptionally high proportion of revenue came from investor sales, which was reflected in weaker profitability. In the CEE countries, revenue growth was strong and profitability improved from the previous year. We are confident that strong growth in the region will continue, and we made significant investments in new plots during the year. In the summer, we established a new subsidiary in Poland, a market that we believe will have demand for Nordic homes.

In Russia, we adjusted our operations to a significantly lower volume than previously, as we do not expect the market environment to improve in 2016. Our goal is to achieve a positive operating result and cash flow in Russia, even under the prevailing circumstances. We will continue to operate in all of our current operating areas. The long-term demand for new apartments has not decreased, and the migration from rural areas to major cities goes on.

Our main focus this year will be on improving profitability, strengthening our growth initiatives and improving our capital efficiency. Further focus areas for the year include the continued development of quality and the customer experience. We want to put our focus squarely on customer satisfaction: we consider the customer to be the best measure of our quality, and we will work without compromises to satisfy and exceed the expectations of our customers.

The theme of this annual report is More city. We use this theme to illustrate our response to the strong trend of urbanisation. Our goal is to develop and build sustainable urban environments that retain their value, where services are located close to residents, and where public transport makes everyday life easier and helps reduce emissions.

I would like to thank all of our employees for their enthusiastic work towards achieving our goals. I also wish to extend my warmest thanks to our customers, partners and shareholders for their trust in what we do.

Kari Kauniskangas
President and CEO

Operating environment

OUR operating environment was polarised in 2015. The economic situation was challenging in both Russia and Finland, and residential demand was focused on small, affordable apartments. In the CEE countries, positive economic development supported the housing and business premises markets.

Housing Finland and CEE

- In Finland, consumers were cautious in their purchase decisions, but activity among housing investors was high.
- In the CEE countries, in particular the Czech Republic and Slovakia, housing demand was high.

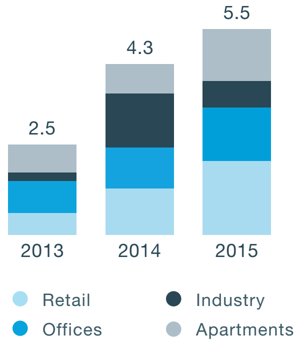
Housing Russia

- Uncertainty in the economy and the decline of consumers' real wages had a negative impact on housing demand.
- Residential prices remained stable in nominal terms, but real prices declined.
- The state's mortgage interest subsidy programme for new apartments supported sales and lowered mortgage interest rates for new apartments to 11–12%.

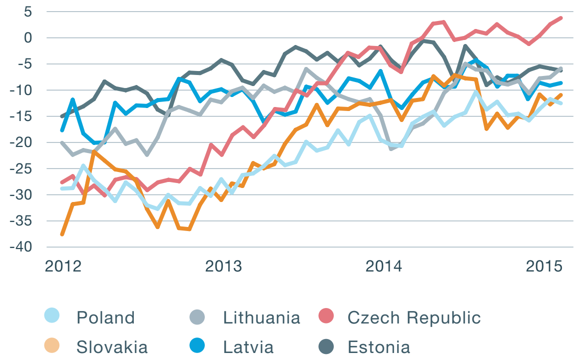
Business Premises and Infrastructure

- Tenant demand in the Finnish business premises market showed signs of recovery late in the year, but competition for tenants was intense.
- The business premises contract market was active particularly in Finland, Estonia and Lithuania.
- The infrastructure market in Finland was relatively stable. There were several significant projects in tendering early in the year.

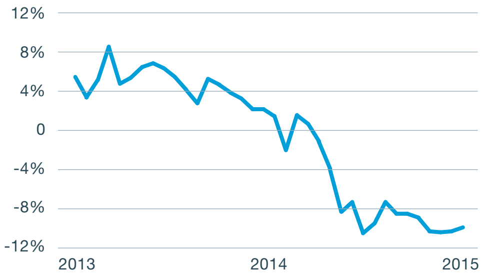
Low interest rates were reflected in high activity among property investors in Finland, transaction volume (EUR billion)



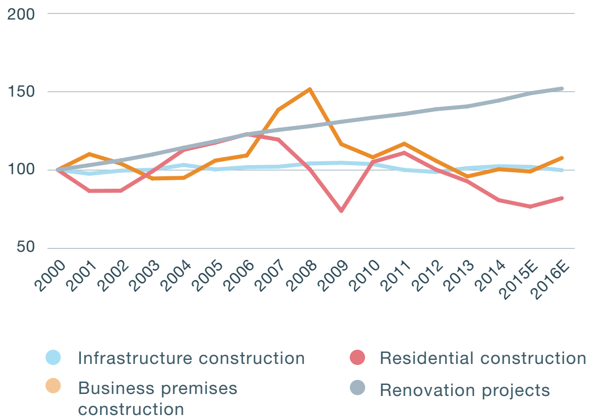
The improved economic situation in the CEE countries was reflected in consumer confidence



High inflation in Russia led to declining real wages, annual change (%)



Renovation project activity grew substantially in Finland, while the development of volume in infrastructure and business premises construction was stable, index 2000=100



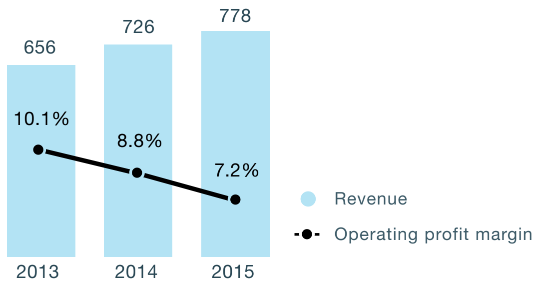
SEGMENT REVIEWS

Housing Finland and CEE

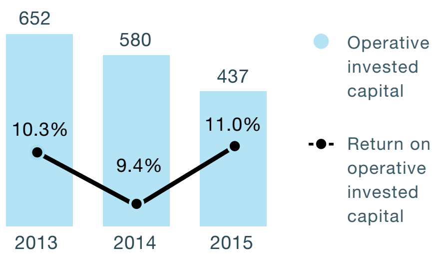
- The segment's revenue grew year-on-year, particularly as a result of positive development in the CEE countries and active investor sales in Finland.
- Profitability declined year-on-year due to the high share of investor sales, but the profitability development was positive in the CEE countries.
- We established a unit in Warsaw in the autumn to exploit the opportunities presented by the housing market in Poland.
- We acquired plots and started significant area development projects, particularly in the Czech Republic and Slovakia.
- Merenkulkijanranta, an area development project completed in Helsinki's Lauttasaari district in the summer, was nominated for the Finlandia Prize for Architecture, and our projects also won several awards in the CEE countries.

Merenkulkijanranta in Lauttasaari, Helsinki.

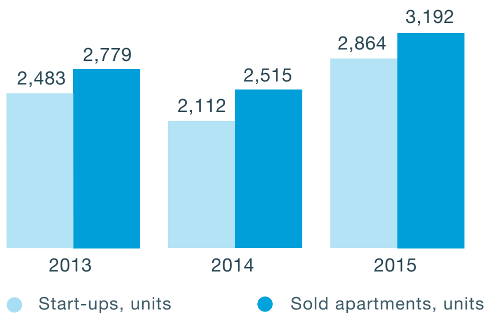
Revenue and operating profit margin excluding non-recurring items (EUR million, %)



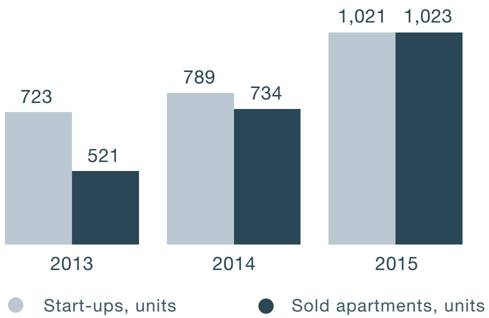
Operative invested capital and return on operative invested capital (EUR million, %)



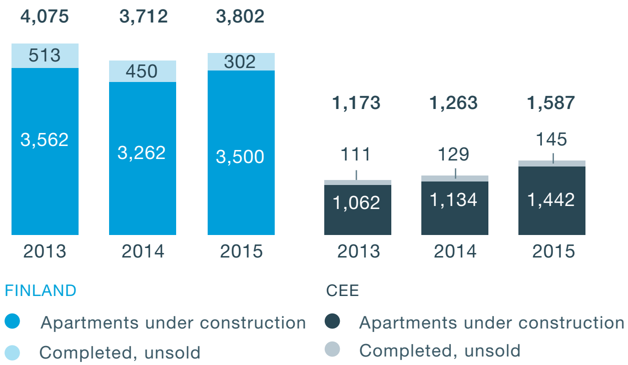
Residential construction in Finland



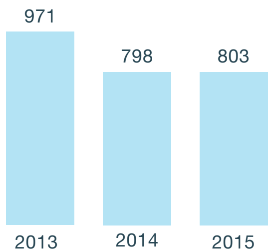
Residential construction in the CEE countries



Apartment inventory at the end of the year, units



Order backlog (EUR million)



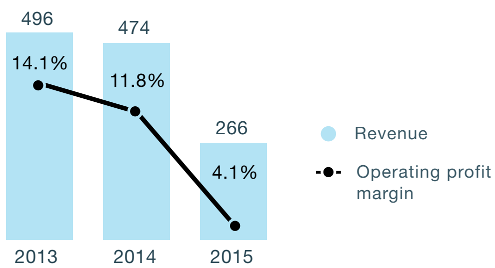
SEGMENT REVIEWS

Housing Russia

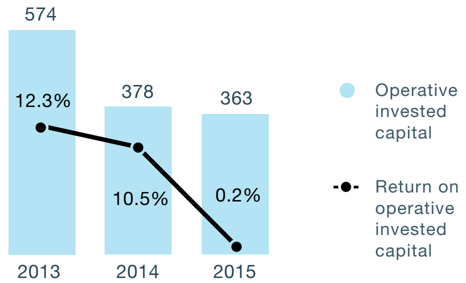
- In Russia, the slowing down of residential sales, lower start-ups and the depreciation of the ruble led to a decline in the segment's revenue.
- Profitability was weighed down by factors including lower revenue compared to the previous year as well as weaker project margins.
- Operations in Russia were reorganised during the year, and fixed costs were adjusted to match sales and production volume. The new division structure took effect at the beginning of 2016, and some support functions were centralised to serve all divisions. We established a new business unit, YIT Service Russia, to take advantage of the opportunities presented by the service business.
- The segment's risk level was reduced by lowering start-ups and active sales.

Housing demand in Yekaterinburg has remained at a good level.

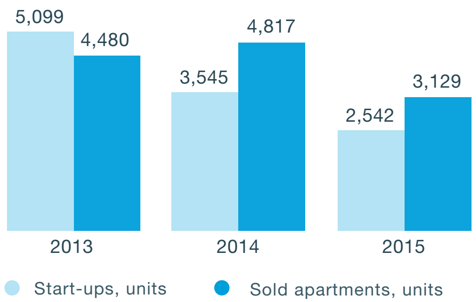
Revenue and operating profit margin excluding non-recurring items (EUR million, %)



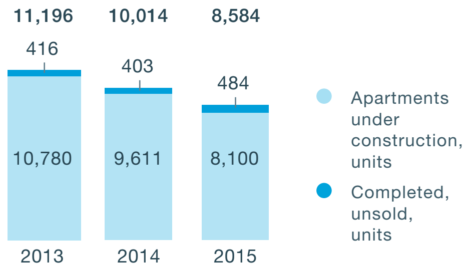
Operative invested capital and return on operative invested capital (EUR million, %)



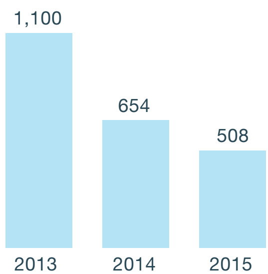
Residential construction in Russia



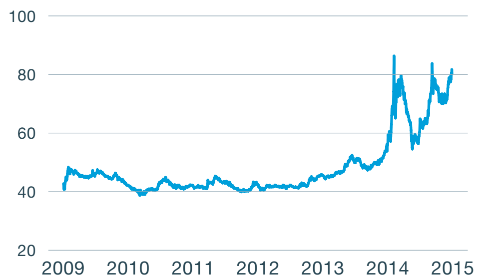
Apartment inventory at the end of the year



Order backlog (EUR million)



EUR/RUB exchange rate

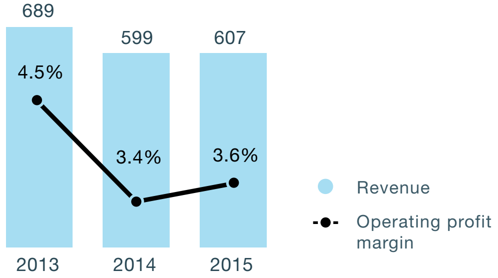


SEGMENT REVIEWS

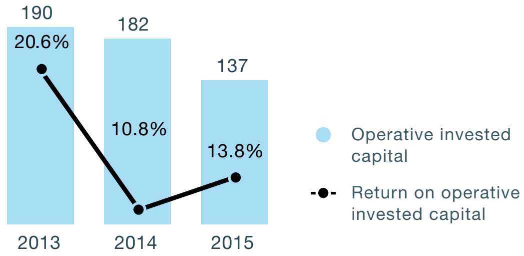
Business Premises and Infrastructure

- The segment's revenue remained at the previous year's level and profitability improved slightly.
- The segment's order backlog grew significantly during the year as major projects were confirmed. The strong order backlog ensures good visibility and a solid foundation for growth in the coming years.
- We won significant infrastructure project contracts during the year, such as the E18 Hamina-Vaalimaa motorway project, which will be implemented as a public-private partnership project, and the Tampere light rail project, where the development phase will be carried ut by using alliance model in co-operation with VR Track and Pöyry. If the implementation phase will be started after the development phase, its value for YIT would be around EUR 100 million.
- The segment also achieved success in competitive bidding for smaller projects, and YIT was awarded the contract to build the new passenger terminal in Helsinki's West Harbour and an underground parking facility in Helsinki's Töölö District, Finland.
- During the year, we sold several self-developed business premises projects to investors and started new projects in Finland and the Baltic countries.
- The Tripla project in Central Pasila, Helsinki, Finland progressed according to plan in 2015. The project's city plan became legally valid in March and the building permit for the project's first phase—the parking facility—was granted later in the year.
- In December, we signed a letter of intent on the implementation of the Mall of Tripla as a joint venture with a Finnish investor consortium. According to the letter of intent, YIT's share of ownership in the joint venture will be 35%, Etera's 35% and Fennia's and Onvest's 15% each. The aim is to sign the final project agreements in early 2016. Interest in the Mall of Tripla among tenants was at an excellent level.

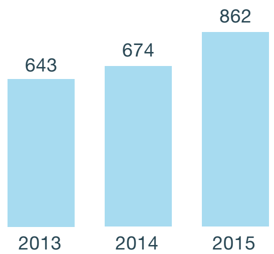
Revenue and operating profit margin excluding non-recurring items (EUR million, %)



Operative invested capital and return on operative invested capital (EUR million, %)



Order backlog (EUR million)



Mall of Tripla will become the largest shopping centre in Finland in terms of the number of retail spaces.

MALL OF TRIPLA

WATCH VIDEO ON THE CONSTRUCTION OF THE PASILA BRIDGE >

MORE CITY

People's diverse needs and changing life circumstances challenge us to create better and more sustainable living environments. This means more flexible premises, functional infrastructure and services, shops and jobs close to the home. This is why there is a need for more city. We want to build them through listening and dialogue.

Cities offer more

HALF of the world's population now lives in cities, and estimates suggest that this figure will exceed 70 per cent by 2050. The global population is expected to grow by more than two billion over the same period of time. This means that urbanisation is a megatrend in the true sense of the word, although it is not a particularly new phenomenon. Large-scale urbanisation began with industrialisation in the 1700s. Before that time, cities were marketplaces and centres of administration and culture.

Industrialisation is still driving urbanisation in developing countries, but the trend of urbanisation is still going on in developed economies as well. A key reason for this is the move towards a knowledge-based economy in which added value is increasingly generated from intangible resources such as R&D activity, design, brands, marketing and business management. These functions require a high degree of human interaction and are typically located in cities.

Urbanisation takes various forms

The dominant form of urbanisation in Western Europe is cities of approximately 500,000 inhabitants, while in North America, growth is focused particularly on cities of 5–10 million people. In China and Southeast Asia, urbanisation is creating several new megacities. In Russia, the national population is declining but urbanisation is moving ahead. In addition to St. Petersburg and Moscow, cities of 1–1.5 million people are maintaining their positions.

Growing urban areas also differ in terms of their urban structure. The structure of major metropolitan areas in the United States is based on large suburban areas and the use of private cars, while

FINLAND'S WEAKNESS IS THE LACK OF MIXED USE URBAN ENVIRONMENTS AND THE LOW SHARE OF PUBLIC TRANSPORT

European cities are moving towards denser urban structures. Copenhagen and Hamburg are two interesting practical examples of this trend. Creating denser urban structures has also been discussed extensively in Finland but, in practice, growth has often led to a more fragmented structure. Helsinki's new city plan proposal represents a new direction that would have a very concrete impact in terms of the densification of the urban structure.

Functionalist urban planning led to the separation of housing, jobs, services and hobbies. Moving polluting industrial activity away from densely populated areas was understandable, but the symbol of urban planning based on the use of private cars is the supermarket out in the middle of nowhere that can only be reached by car. Today, the direction in urban planning is clearly towards mixed use structures that combine jobs, housing and

European cities are moving towards denser urban structures. Photo from Kaunas, Lithuania.

various services, together with easily accessible and pleasant public transport.

The world's environmental problems will be solved in cities

In his book *Triumph of the City*, US-based professor Edward Glaeser writes that the world's environmental problems will be solved in cities if they are to be solved at all. Rather than focusing on environmental problems alone, it is more interesting to examine the sustainability of cities in a broader sense, including the perspectives of economic and social sustainability.

From the perspective of ecological sustainability, the key issues revolve around low-emission energy production, energy-efficient buildings and human transport needs. The advantage of a densely built city lies in traffic emissions: sufficient population density makes it possible to locate services nearby and also enables efficient public transport. The proximity of services also means greater convenience in everyday life. At the same time, it should be noted that a significant proportion of a person's carbon footprint is ultimately based on his or her consumption choices.

Higher density leads to higher productivity and a stronger community spirit

From the perspective of economic sustainability, complementary construction presents the opportunity to utilise the existing infrastructure, although land ownership circumstances and resistance by local residents can occasionally prevent complementary construction that would benefit all of the parties concerned. Research in the field of urban economics indicates that doubling the population density results in an increase of productivity of approximately five percent. In spite of modern information and communications technology, innovative activities

CASE 1: LAUTTIS IS A NEW MEETING PLACE FOR THE RESIDENTS OF LAUTTASAARI

The Lauttasaari hybrid project in Helsinki, Finland is an example of YIT's Urban Village concept that combines various functions on the same plot of land in the heart of the Lauttasaari district, within the existing urban structure. The Lauttis project has given YIT the opportunity to utilise its diverse expertise in construction and mixed use urban development. The project has also required good co-operation with other operators, as a West Metro station will be built on the same plot of land.

The shopping centre will be opened to the public in late 2016. It is located above the new Lauttasaari metro station, which will be completed in the same year. In addition to a supermarket, the centre will include high-quality restaurants and cafés, as well as specialty stores. The six-storey apartment buildings will hold a total of 140 apartments of different sizes. The underground car park at the site will provide parking facilities for tenants, customers and commuters.

tend to be concentrated in areas with skilled labour, a diverse knowledge base and progressive user communities.

Rural settlements have traditionally been perceived as having a strong community spirit. Today's trends—such as applications related to the sharing economy, pop-up culture and new activities in the volunteering sector—challenge this view. The truth is that large cities offer excellent opportunities for building diverse and specialised social networks.

The pull of cities

People in democratic societies are free to choose where they live. People move to cities in the hope of a better life and in pursuit of more attractive opportunities, to gain access to more diverse services and, above all, because cities offer a liberal and tolerant environment where people can lead the lifestyle they want to.

Attractive cities provide diverse housing options and sufficient population density creates the conditions for increasingly specialised services. Cafés, restaurants, galleries and libraries provide social space for human encounters and the exchange of ideas. In many places, the development of public transport as well as improved bicycle and pedestrian access result in people regaining the streets from cars. Preserving the old and maintaining a layered character keeps the city's history visible, while building the new helps share the benefits of the city with new arrivals.

The future belongs to cities. We want to bring our expertise to their development.

CASE 2: COMMUNITY-BASED DEVELOPMENT PROJECT AT KONEPAJA

Konepaja district in Helsinki, Finland is an inspiring combination of the urban city centre, new architecture and industrial history. YIT partnered with the Vyyhti Helsinki think tank in the summer to carry out a development project for the YIT Plus home portal. The cornerstone of the project was to build a sustainable and pleasant residential area of high vitality, where the residents are closely involved in developing their neighbourhood and the YIT Plus service.

One of the biggest occasions was a recycling-oriented event for local residents held in August on Cleaning Day, a local festival that is gaining popularity in many Finnish cities. The event included a fun programme for both children and adults as well as opportunities to learn more about the Konepaja district, its architecture and its history.

The YIT Plus service is an interactive virtual community for residents that makes it easy to handle all matters related to one's home and housing company. The service provides access to important bulletins and documentation concerning the housing company and the user's home, as well as a platform for having discussions with neighbours and ordering services from the property manager or maintenance company.

YIT Plus also gives the future residents of unfinished residential projects the opportunity to follow the project's progress, with photos and updates regularly posted by construction site personnel.

GUEST WRITER:
TOWARDS DO-IT-YOURSELF CITIES

Cities are becoming denser not only physically, but also socially. Digitalisation and the Internet has made the city even more of a breeding ground for various communities. Social media facilitates new kinds of organisation and activity among citizens, which in turn supports the move towards more active and community-oriented consumption. Collaborative consumption is more than consumption—it is participation in the production and circulation of goods and services.

The combination of social media and collaborative consumption leads to the creation of simultaneously local and virtual groups and forms of activity that challenge cities' organisations and structures left from the industrial age. Residents come together to build a city in their own image: ecological, functional and innovative with a human orientation. We call this new wave of direct and rapid participation the fourth sector to distinguish it from the traditional organisational activities in the third sector.

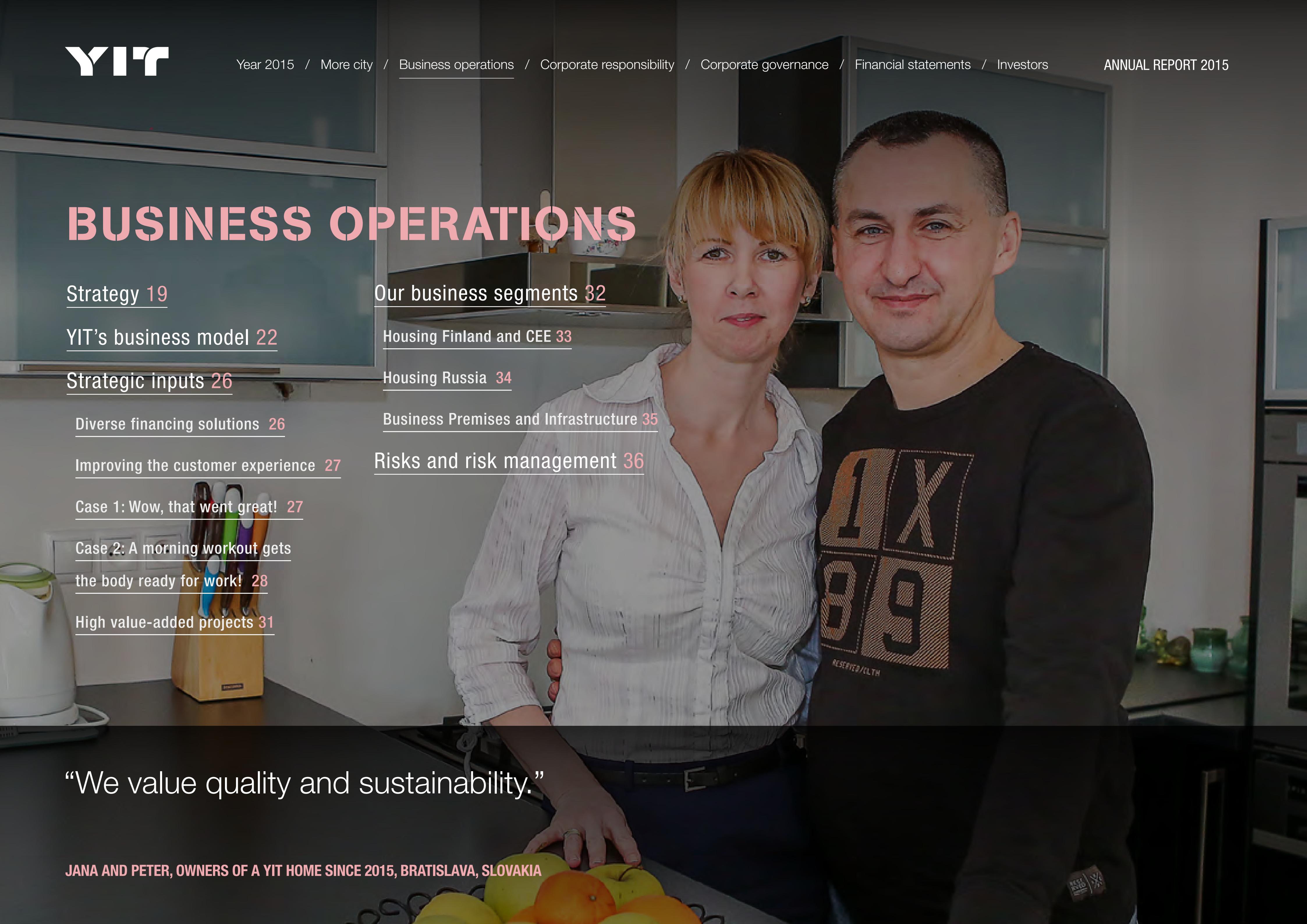
Examples of activism in the fourth sector include the Restaurant Day and Cleaning Day events, local online flea markets, food groups for buying and selling local food, peer-to-peer transport services, as well as rental services and time banks for exchanging goods and services. Their common feature is using the Internet as a platform for maximising the opportunities for demand and supply to meet while minimising the costs.

According to the Federation of Finnish Commerce, about half a billion euros exchanged hands in Finnish online peer-to-peer commerce over a recent 18-month period. REKO local food groups on Facebook already have more than 100,000 members.

For cities, citizens networks can be what the iPhone was for the mobile phone industry: a disruptive force that redefines the playing field. The reorganisation of civic society and the change of human agency are changing the way public authority is exercised, while new forms of exchange are changing markets and the economy. The emergent sharing economy takes many forms, ranging from international players such as Uber and Airbnb to grassroots-level start-ups and social entrepreneurship.

Citizens groups challenge official urban planning and conventional construction with their local expertise, collective intelligence, often fresh and development-oriented ideas, and their capacity to bring various types of players together. This gives rise to alternative plans, densification initiatives, do-it-yourself parks and joint building ventures. For the municipal administration and traditional business operators, citizen activities in the fourth sector constitute a new partner for dialogue and co-operation to promote denser and more efficient urban life.

Pasi Mäenpää
Docent of Urban Sociology
Ph.D. (Sociology)



BUSINESS OPERATIONS

"We value quality and sustainability."

JANA AND PETER, OWNERS OF A YIT HOME SINCE 2015, BRATISLAVA, SLOVAKIA

Strategy

IN connection with the partial demerger carried out in summer 2013, we laid the foundation for a new YIT by defining the vision, mission and values of the more focused construction company that was created by the demerger. We defined our strategy as well-managed and profitable growth. We launched three Group-wide development programmes to support the implementation of our strategy: Best living experience, Wider financial operating space, and Excellent leadership and balanced values.

In 2014, we specified our strategy to respond to the weakened macroeconomic outlook in Russia and Finland. We recognised that the significance of financial operating space is emphasised in a challenging operating environment, and we accepted temporarily lower growth. We focused on cash flow, cost-efficiency and capital efficiency. We set a goal of creating a strong foundation for future growth.

In 2015, we achieved good results in our strategic focus areas, which were identified in connection with the demerger and further specified in 2014. We achieved our net debt target ahead of schedule. We improved our competitiveness by reorganising our operations and by investing in concept development and a reasonably priced product. We successfully increased the weighting of the CEE countries and, in the Business Premises and Infrastructure segment, we increased the share of high value-added projects.

VISION
A step ahead.
With care for people.

MISSION
Creating better living environments.

VALUES
Care
A step ahead
Co-operation
Performance

Strategy path

Cash flow focus
Focus shifted gradually towards profitability
Focus back to growth

2013 2014 2015 2016 2017

PARTIAL DEMERGER

1 **FOUNDATION FOR NEW YIT LAID AND DEVELOPMENT PROGRAMMES LAUNCHED**

2 **SOLID FOUNDATION FOR FUTURE GROWTH**

3 **MORE BALANCED GEOGRAPHICAL FOOTPRINT, HIGHER SHARE OF PROJECTS WITH HIGH ADDED VALUE**

Our strategic focus areas

YIT'S Board of Directors confirmed the company's updated strategic focus areas in autumn 2015. Success in the focus areas we set in previous years and reaching our net debt target ahead of schedule make it possible to gradually shift the focus to profitability and growth. One example of a growth initiative is our newly established unit in Warsaw, which is aimed at taking advantage of the opportunities presented by the Polish market. Our efforts to improve capital efficiency will continue, in part supporting the financing of our growth.

Financial targets

In connection with the strategy update in the autumn, the long-term return on investment target was revised to 15 per cent from the earlier 20 per cent. The reason for the change is the lower weight of Russia in invested capital and future capital allocation. Other long-term financial targets were kept unchanged, and separate short-term targets were abandoned after the net debt target was reached.

Long-term financial targets	Target level	Outcome 2015
Revenue growth	5–10% annually on average	-8% (-3%[1])
Return on investment	15%	5.3%
Operating cash flow after investments	Sufficient for dividend payout and reduction of debt	EUR 183.7 million
Equity ratio	40%	35.5%
Dividend payout	40–60% of net profit for the period	137.8%[2]

The target levels are based on segment reporting method (POC).
[1] At comparable exchange rates
[2] The Board of Directors' proposal to Annual General Meeting

1. Improving profitability

- Growth in consumer sales in Finland will be pursued by increasing the supply of affordable apartments
- In Russia, fixed cost adjustments will be continued to match the operating environment
- In the Business Premises and Infrastructure segment, the share of high value-added projects will be increased further

2. Growth initiatives

- Accelerating growth in the CEE countries, entry to Poland
- In Finnish housing, growth will be sought in the Helsinki metropolitan area
- Significant secured infrastructure and business premises projects create a solid foundation for growth
- A reduced risk level will be maintained in Russia, while retaining readiness to increase production when the market situation allows it

3. Raising capital efficiency

- The capital release programme will be completed by the end of 2016
- The use of partnership models will be increased further in investments
- Operative invested capital in Russia will be decreased

YIT presented its updated strategic focus areas in more detail at its Capital Markets Day in autumn 2015.

READ MORE >

Trends and drivers that guide our strategic thinking

Growing need for new apartments, services and infrastructure

Urbanisation

Metropolitan areas are growing and becoming denser, migration to growth centres

Denser urban structures create a need for infrastructure and mixed use construction

Demographic changes

Ageing population

Family sizes are getting smaller and the number of households is increasing

New business opportunities

Digitalisation

Consumers demand services 24/7 online

New services for occupancy time increase

Working life is changing and telecommuting is increasing – need for more flexible premises

Poor condition of buildings and infrastructure

Significant need for renovation construction

The emptying of office properties in Finland creates opportunities for changing the uses of buildings

Divergent economic development in our operating countries

Positive economic development in the CEE countries

In Europe's fastest-growing economies, residential demand is growing and business premises construction activity is picking up

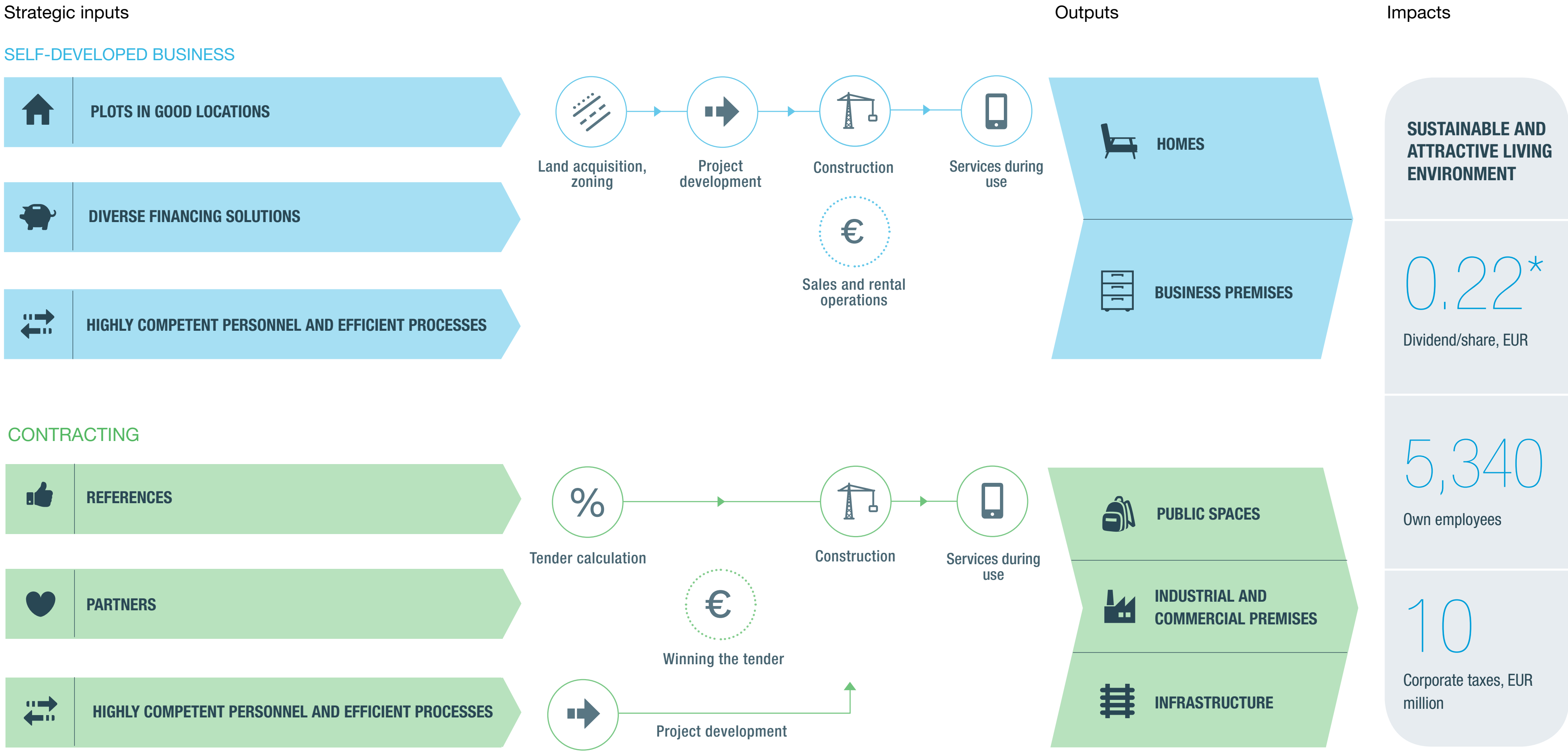
Recession in Russia

The challenging economic situation in Russia creates uncertainty in residential demand

Our answers

Trend	Our answer
Urbanisation	We focus on growth centres in all of our operating countries We invest in hybrid projects
Demographic changes	We are active in the construction of care facilities We focus on small and affordable apartments
Digitalisation	We develop the digital YIT Plus service We focus on building and developing concepts for flexible premises
Poor condition of buildings and infrastructure	We invest in renovation construction In infrastructure projects, we develop our alliance and PPP project expertise.
Positive economic development in the CEE countries	We focus on growth in the CEE countries in both residential and business premises construction
Recession in Russia	We reduce our sales risk in Russia and focus on building small, affordable apartments

YIT's business model

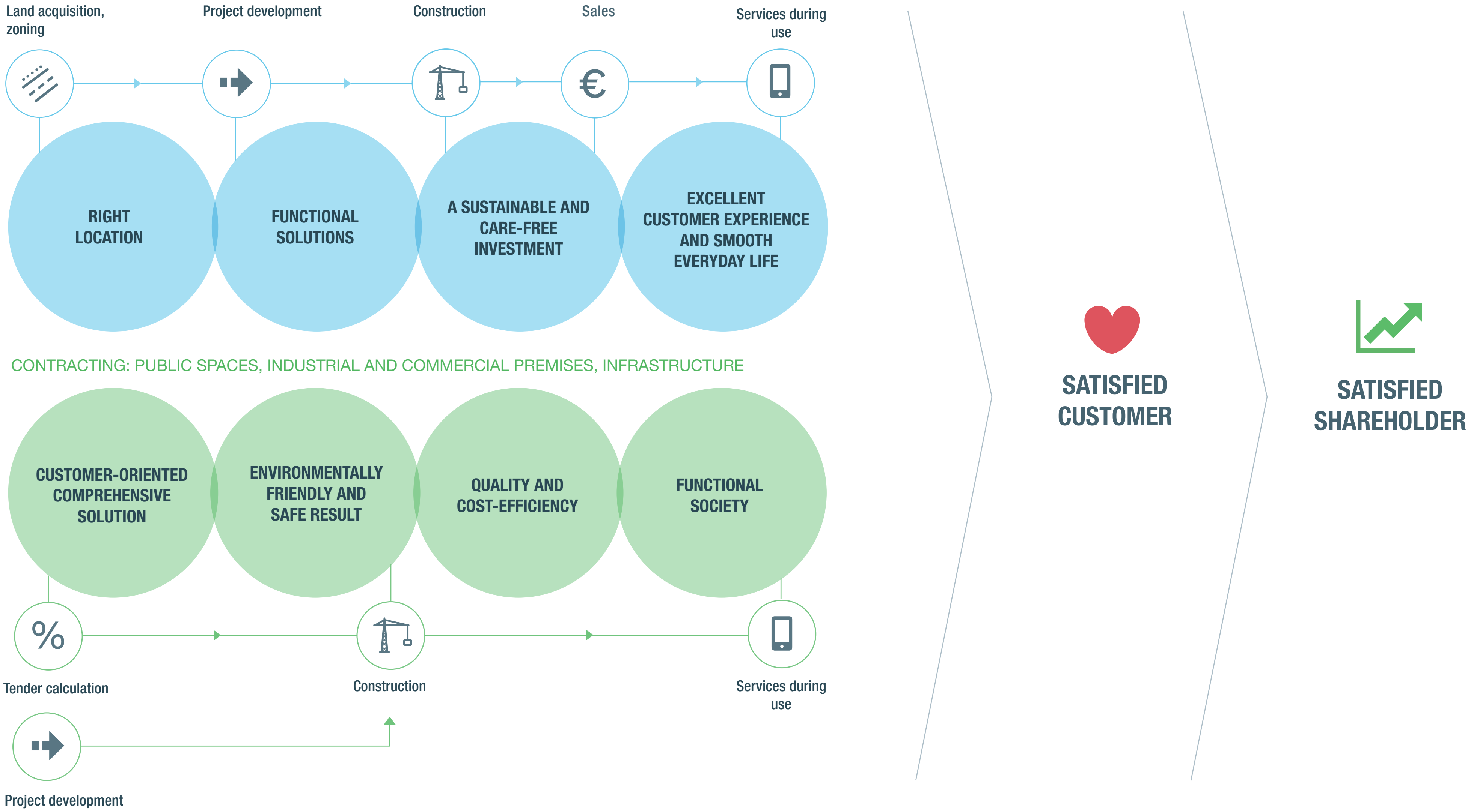


Capital-light contracting business balances the capital-intesive self-developed business. A balanced business portfolio enables better tolerance for cyclicality and risk profile. In addition, different business areas support each other by providing diverse expertise for demanding projects.

* Board of Directors proposal to the Annual General Meeting

How do we create value for our customers and shareholders?

SELF-DEVELOPED BUSINESS: HOMES AND BUSINESS PREMISES



Capital efficiency and flexibility play a key role in the business model

SELF-DEVELOPED projects require significant capital investments. Capital is tied to the plot reserve, to the development of the plots as well as on-going production, among other things. Capital efficiency and the diverse use of various financing solutions play a key role in the creation of shareholder value. Thus we take a long-term approach to the development of our business model in this regard. In addition to capital efficiency, flexibility is a precondition for value creation in a cyclical operating environment, and our business model has been developed to make it adapt to short-term cyclical fluctuations.

Towards more efficient use of capital

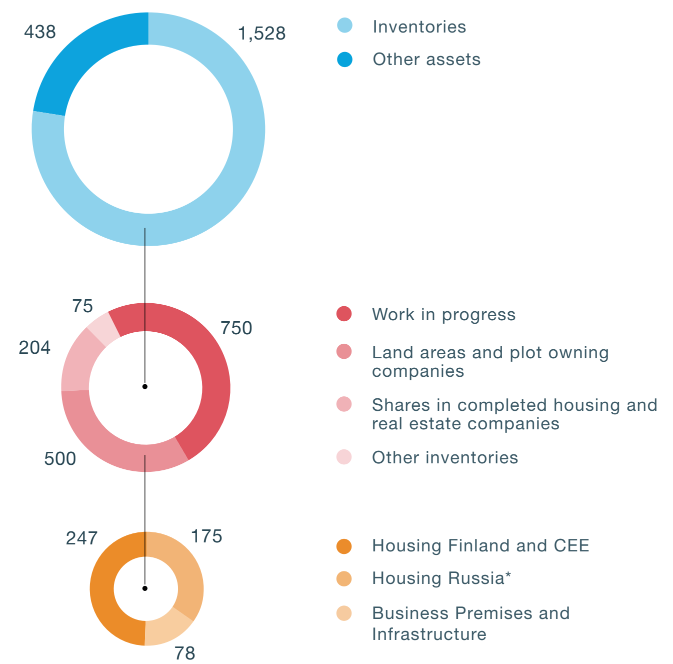
- More plot co-operation, involving YIT developing projects on leased land
- In plot acquisitions, we increasingly pay in instalments according to zoning and the progress of projects
- We aim to share the responsibility for financing by using joint ventures and project financing
- We focus on the effective management of sales risk
- We will continue the active implementation of the capital release programme until the end of 2016

Capital release programme

Target for releasing capital	Cumulative progress since 9/2013	
Reducing the inventory of unsold completed apartments in Finland > EUR 50 million	EUR ~31 million	
Selling self-developed business premises projects in Finland (under construction) EUR 80 million	EUR ~80 million	✓
Selling slow-moving assets* > EUR 150 million	EUR ~87* million sold or agreed (not yet fully visible in revenue and cash flow)	
New off-balance sheet partnership models in plot acquisitions > EUR 100 million	Value of plots financed by external partners: EUR ~108 million	✓

* The target is set at the balance sheet rate at 9/2013: EUR/RUB 43.824, cumulative progress calculated using the same EUR/RUB rate.
Note: In addition to the progress presented in the table above, the slow-moving assets have been reduced by impairment of EUR 9 million made in Q4/2014.

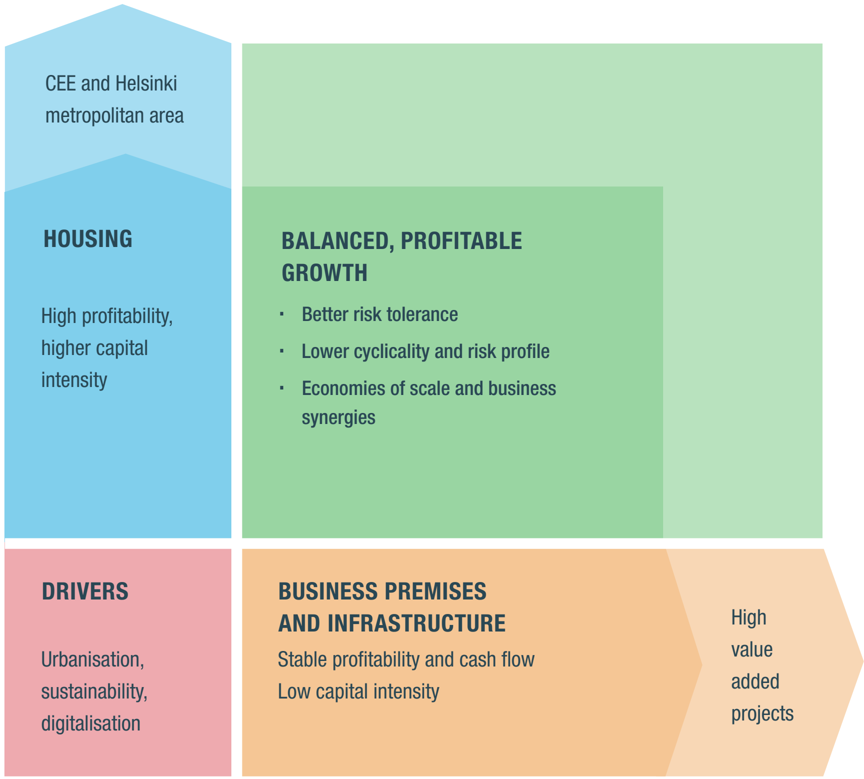
Assets 12/2015, EUR 1,967 million



* Includes Gorelovo industrial park

Aiming for an even more flexible business model

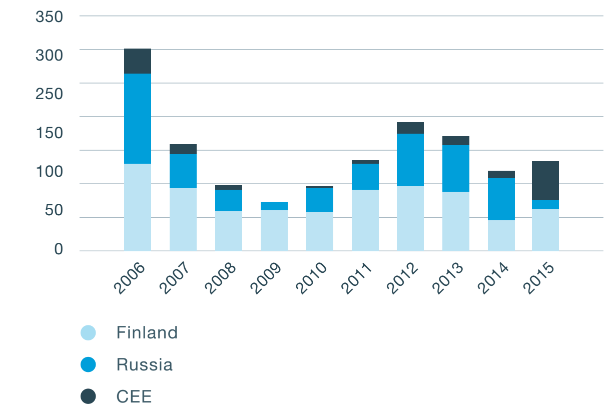
- Housing, business premises and infrastructure construction balance each other
- Geographical diversification provides stability; we operate in eight countries
- A reliable subcontractor network and leased equipment provide flexibility to support the company's own capacity
- Strong plot reserve enables cash flow management by adjusting plot investments to the market outlook, start-ups are adjusted to match demand



The differences between our two business areas support each other, enabling balanced and profitable growth

Housing start-ups 2006–2015 (units)

Cash flow of plot investments 2006–2015 (EUR million)



STRATEGIC INPUT: FINANCING

Diverse financing solutions support our business operations

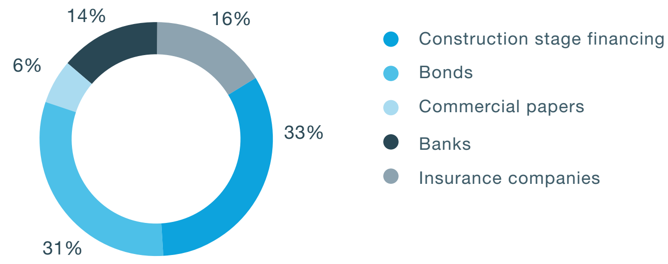
OUR financing structure is guided by the financial targets set by the Board of Directors. The equity ratio target is 40% (segment reporting, POC). In 2014, the Board of Directors set a target of reducing net debt (IFRS) to under EUR 600 million by the end of 2016. We reached this target well ahead of schedule in mid-2015 as a result of strong cash flow. As the target was achieved, the short-term financial targets were abandoned. Our net debt continued to decrease, and it was EUR 529 million at the end of 2015.

Debt financing plays a key role in supporting return on equity in a business that significantly ties capital. YIT's financing is managed on a centralised basis at the Group level, and a significant proportion of financing comes from the Finnish market. Short-term financing is drawn within the framework of the commercial paper programme of EUR 400 million. In addition to the issued bonds, YIT also has a bond programme of EUR 600 million. YIT also has bilateral loans from banks and insurance companies, as well as construction stage financing in the form of receivables sold to banks and housing corporation loans. In order to ensure its liquidity, at the end of the year YIT also had an undrawn revolving credit facility of EUR 300 million, EUR 63 million in account overdraft facilities, and EUR 122 million in cash reserves.

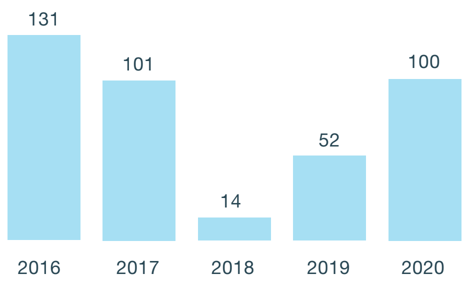
Construction stage financing

- In Finland, the construction in a residential development project targeted at consumers is financed by customers' down payments (approximately 15% of the value of the apartment) and by selling to banks the receivables from housing corporations. Upon completion, the customers pay the remainder of the purchase price and the housing corporation draws a housing corporation loan to repay the receivables.
- In Russia, construction is mostly financed by advance payments made by customers and loans granted by the parent company. Customers typically pay the full purchase price when the transaction is concluded.
- Projects targeted at investors involve various financing solutions that typically do not burden YIT's balance sheet.
- In contracting, the client finances the construction with progress payments.
- More information on financing and the hedging policy is provided in the Report of the Board of Directors.

Debt portfolio at 12/2015, EUR 651 million, average interest rate 3.86%



Maturity structure of long-term debt, 12/2015, EUR million



STRATEGIC INPUT: PERSONNEL

Development focus on improving the customer experience

OUR company is only as strong as our personnel's professional expertise. We are utilising this resource in the WOW development programme, which was launched in 2014 and involves us taking the customer's perspective. Our aim is to surprise the customer in a positive way in every encounter.

In 2015, all of our salaried employees in Residential Construction in Finland participated in the programme to come up with new ideas, and two of our Russian units also took part. The enthusiasm for practical development strengthened co-operation and offered valuable perspectives on the impact of each salaried employee's own work. The programme will continue with all of our employees from residential construction sites in Finland participating next, and the programme will also be expanded to the Business Premises and Infrastructure segment as well as the CEE countries and the remaining units in Russia.

Competent personnel with a high level of well-being guarantees success

Our operating environment changes constantly, and training and coaching are an integral component of our personnel development. Our expertise plays a crucial role not only in traditional construction, but also in large-scale projects that require co-operation between different areas of construction and bring together employees from several different companies, such as the Tripla project in Pasila, the Hamina–Vaalimaa motorway contract, and the Tampere light rail and Naantali CHP plant alliance projects.

Our training programme A step ahead in project management improves the project competence of our personnel as well as co-operation between different units and tasks. The YIT Special Forces training supports the strong development of quality and productivity, with a focus on co-operation, advance planning and the sharing of best practices.

We offer managerial training at four levels: Mentor, Challenger, Innovator and Inspirator. The training programmes cover areas ranging from practical supervisory skills to mentoring and the creation of an organisation that has the capacity to create added value. Training is also provided in English and Russian to managers from the Group's operating countries.

Long-term work with students

Becoming a construction industry professional takes more than just sitting at a desk in school. Recognising this, we offer some 700 trainee positions and summer jobs to young people each year. The YIT Path training programme gives students the opportunity to acquire valuable practical expertise at a rate that matches the progress of their studies. We focus on comprehensive introductory training, communicating our values, way of working and competencies as well as safety for trainees.

In addition to our active co-operation with educational institutions, we share the extensive experience of our project personnel with students at universities of applied sciences via the YIT Studies programme, which students can earn academic credit for. We also want to promote the construction industry as a career choice in a broader sense. Launched in the autumn, the YIT Junior pilot programme gives young people who are in the familiarisation with working life (TET) period in upper

It is important for customers to stay up-to-date on progress of construction. In the photo, head supervisor Markku Lindholm shows visitors around the As Oy Tampereen Kristalli site.

CASE 1: WOW, THAT WENT GREAT!

How can we improve our customer experience? How can we surprise our customers in a positive manner? What is important to our customers? These are the things we think about in the WOW customer experience development programme.

The earlier we get to know the customer, the easier it is to stay in touch. This has a direct correlation to quality and satisfaction. Issues can be resolved at the earliest possible opportunity, and the number of complaints is reduced.

comprehensive school the opportunity to join professionals to become familiar with the entire construction process, from planning to sales.

Increased satisfaction with managerial work

We want to regularly hear about the well-being of our personnel, about how motivated and committed they are to their work, and how encouraging our managers and supervisors are. Our annual personnel survey, YIT Voice, is one of our development tools. In 2015, the response rate of the YIT Voice survey was 91 per cent. Managerial and supervisory work, in particular, has developed favourably, as well as the perception of the degree to which superiors look after the well-being of their subordinates. Our objective is to develop YIT into an even more inspirational worpcsace where employees are happy to come to work every morning.

Effective corporate culture results in satisfied employees. In order to take pride in one's work, it must be performed safely and with high quality. Our ethos of getting things done and the positive spirit of our working community also comes across to those outside our organisation. We were selected as the ideal employer in the construction industry by both students and highly qualified professionals in employer image surveys conducted by Universum.

Uncompromising approach to occupational safety and responsibility

Safety is present every day in construction, in every decision we make. Our goal is to be a zero-accident working community. To achieve this, we have set ambitious targets for the development of our accident frequency. During the year, we improved occupational safety competence in many ways, for example by holding Shape Up talks at construction sites.

A serious occupational accident led to the death of one of our employees in Tornio, Finland, in October. We immediately investigated the causes of the accident and issued instructions to all of our construction sites to implement safer working methods in corresponding stages of construction. We also stopped work at all of our construction sites concurrently for one hour to hold discussions on the significance of occupational safety as well as the most important site-specific ways to further increase our level of safety.

The planning of safety before work is performed and taking action to intervene in all observed occupational safety risks are operating methods that we monitor at the Group level. Increasing safety observations is an effective method for us to prevent accidents. Our Jousenpuisto construction site in Espoo, for example, has implemented Yammer as a tool for promoting safety among all on-site employees. Safety observations are documented in photos that are shared on Yammer, which helps prevent accidents by making the information immediately accessible to all on-site personnel.

Our day-to-day decisions determine YIT's operating culture. Our values and business principles guide us in making responsible decisions. In autumn 2015, we introduced YIT Code online training to promote a culture of responsibility among all Group personnel. Nearly all white-collar employees in all of our operating countries completed the training during autumn 2015, to be followed by blue-collar employees in January–February 2016. We require everyone at YIT to complete the YIT Code training.

Employees at the Lahti Travel Centre construction site warmed up every morning with a short workout at 7:00 a.m. All personnel participated in the morning workout.

CASE 2: A MORNING WORKOUT GETS THE BODY READY FOR WORK!

Morning workouts have become part of the established daily routine at YIT's construction sites, and the results of this practice began to be evident late in the year. Warming up the body improves flexibility and reduces susceptibility to injuries. The moves used in the workouts can also be used to find more ergonomic working positions.

A campaign arranged during the occupational safety week held in May saw all the members of YIT's senior management leading morning workouts at construction sites.

Our quality is measured by customer satisfaction

FOR us, quality construction means flawlessness, a good customer experience and ensuring that our services match the customer's expectations. We have an uncompromising commitment to improving quality, to report on it, and to take it into account in everything we do.

Quality comes free, but the lack of quality can be costly. With this in mind, we expect every YIT employee to take responsibility for the quality of their work. The further we get in the process of construction, the greater the impact of our attitude and quality culture is on the end result. The people involved in various tasks during a single construction project make over a million decisions that affect quality. Even small individual decisions can have a significant cumulative impact, particularly with regard to the customer's perception of the quality of the end product. We must, therefore, do our job right the first time, with no compromises on safety.

Quality management is an inseparable part of other management activities

Our management has an uncompromising commitment to improving quality, reporting on it, and taking it into account in everything we do.

- Leading the development of quality at the Group level
- Quality is a constant item on the agendas of our management boards and monitoring meetings, and we discuss quality during site visits
- We have created a shared Group-wide frame of reference for the development of quality

Customer insight | DESIGN → PRODUCTION PLANNING → CONSTRUCTION → LIABILITY

GOOD QUALITY DEPENDS ON EFFECTIVE PROCESSES AND STRONG CULTURE

SATISFIED CUSTOMER AND FLAWLESS PRODUCT

Quality is good when a flawless product that meets customer expectations is created cost-efficiently and correctly the first time, and the customer is satisfied with the product and the service received

A GOOD PROCESS ILLUMINATES THE PATH THAT SHOULD BE FOLLOWED, BUT THE DECISIONS ARE MADE BY INDIVIDUALS

- Big decisions that have a major impact on costs and quality can be steered by processes (1%)
- Small decisions that have a lesser impact on costs and quality can be guided by the company's quality culture (99%).

QUALITY CULTURE

Everyone has the right and the obligation to highlight quality and occupational safety issues to their superior if the required conditions are not in place or the quality being produced does not match the expected standards.

- We measure our quality by using e.g. NPS and Q-factor as indicators
- Our operations in Finland and the CEE countries are ISO 9001 certified
- Our operations in Finland and CEE countries are OHSAS 18001 standard (occupational health and safety management) certified
- Our infra services and all of our operations in the CEE countries are certified under the ISO14001 environmental management standard

- We have put more emphasis on quality in compensation and benefits
- We apply a continuous plan-do-check-adjust procedure and develop proactive measurement methods for evaluation
- We research and develop quality culture
- We promote open co-operation between companies and associations, as well as the sharing of best practices to improve quality throughout the construction industry

In Finland, we influence the development of quality in the industry through the Confederation of Finnish Construction Industries RT. YIT Executive Vice President Tero Kiviniemi has served as the Chairman of the Board of the Confederation of Finnish Construction Industries RT since the beginning of 2015. During his term as Chairman, the improvement of quality has been highlighted as a key development area in the construction industry as a whole. We also hold various positions of trust in our other operating countries.

QUALITY WITH THE RIGHT ATTITUDE

The construction industry is very labour intensive. As employees of YIT, we have a significant impact on the quality and productivity of our operations. Our way of working guides our organisational culture to a large extent. As we strive for even better quality and productivity, we must focus not only on processes and technical solutions, but also on YIT's organisational culture.

In spring 2015, I started working on research for my doctoral dissertation alongside my line duties, with the topic being the impact of organisational culture on quality and productivity in the construction industry. The research for the dissertation comprises four studies, the first of which was completed in autumn 2015. The Confederation of Finnish Construction Industries RT awarded a grant for the doctoral research in November 2015.

The results obtained thus far indicate that employee engagement and an emphasis on human values have a positive impact on a company's financial performance. It is also worth noting that achieving better quality and productivity requires an understanding of the deeper layers of the company's organisational culture. The know-how accumulated through the doctoral research will help YIT identify and reach these layers.

Ville Teräväinen
YIT Site Engineer & doctoral student
Tampere University of Technology

STRATEGIC INPUT: REFERENCES AND PARTNERS

Focus on high value-added projects

OUR aim is to increase the share of projects in which the added value produced by YIT for the customer is high. Concepts, co-operation projects and special expertise play a key role in this.

The alliance model, which has been used in Finland for a couple of years now, has established its position in large and demanding projects, such as the construction of hospitals, power plants and major infrastructure projects. The alliance model enables and ensures that the best possible results are achieved within the most convenient schedule. The partners are responsible for the planning and implementation together, but they also share the project's risks and benefits.

For construction companies, the alliance requires a new kind of commitment to the client's processes and the development of the entire project right from the start. We have trained our project managers on the use of the alliance model and developed our own YIT Together alliance model in response to market needs.

The PPP model refers to public-private partnerships in property and infrastructure development projects. It is particularly well suited to property investments by municipalities and public institutions, the construction of roads and other transport infrastructure, as well as investments in energy conservation.

Under the PPP model, we have a longer and broader responsibility for the project compared to the traditional contracting model. Taking full responsibility for design, construction and maintenance under the turnkey approach makes life-cycle costs predictable and manageable. We also assume responsibility for the usability and maintenance of the object of the contract, as well as other

Excavation work on the first phase of the Tripla project—the parking facility—was underway in Central Pasila in December.

support services that may be included in the contract. PPP contracts also include responsibility for the technical condition of the object of the contract at the end of the contract period.

We also pursue demanding hybrid projects to leverage our diverse expertise in housing, business premises construction and infrastructure construction. We have extensive experience of major development projects and comprehensive expertise in diverse and technically demanding projects that allow us to leverage our diverse competencies and areas of specialisation.

References and partners

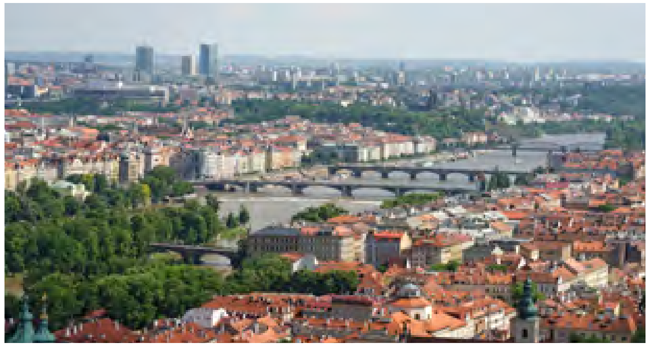
- Tralli, a consortium formed by YIT, VR Track and Pöyry, was selected as the contractor for the light rail project in Tampere. The project will be implemented using the alliance model.
- The City of Lahti, YIT and the design office Sito Oy implemented the Lahti Travel Centre using the alliance model. The travel centre was completed at the beginning of 2016.
- Turun Seudun Energiantuotanto Oy (TSE) is developing a new multi-fuel power plant in Naantali using the alliance model. The construction of the new power plant will be carried out by the POLTE alliance, which is comprised of TSE, A-Insinöörit Design, AX-LVI Consulting Ltd and YIT.
- A service contract concerning the streets and green zones of the Pakila district in Helsinki is being implemented under the alliance model during the period 2014–2019.
- The Hamina–Vaalimaa motorway project is implemented using the PPP model, with the Finnish Transport Agency awarding a contract to Tieyhtiö Vaalimaa Oy, owned by YIT and Meridiam, for the design, construction, maintenance and financing of the motorway.
- The Mall of Tripla in Helsinki's Central Pasila district is implemented by a joint venture. This large-scale hybrid project combines YIT's expertise in housing, business premises con struction and infrastructure construction.
- In Helsinki's Lauttasaari district, the Lauttis hybrid project combines housing with the services of a shopping centre.

Our business segments

	Housing Finland and CEE	Housing Russia	Business Premises and Infrastructure
BUSINESS OPERATIONS	We construct and develop apartments and entire residential areas.	We construct and develop apartments and entire residential areas, we operate in service- and maintenance business.	We build offices, commercial spaces, care facilities, logistics buildings, roads, bridges, rail and metro stations, harbours and more. We also operate in the area of road and street maintenance.
OPERATING COUNTRIES	Finland, Estonia, Latvia, Lithuania, the Czech Republic, Slovakia, Poland	7 regions in Russia: Rostov-on-Don, Yekaterinburg, Kazan, Moscow, Moscow region, St. Petersburg, Tyumen	Business premises: Finland, Estonia, Latvia, Lithuania, Slovakia Infra: Finland
MARKET POSITION	Market leader in Finland, one of the major operators in the CEE countries, excluding Poland, where operations are just getting started	Largest foreign housing developer	One of the major operators in Finland
CUSTOMERS	Households, private and institutional investors	Primarily households	Businesses, the public sector and institutional investors
MAIN COMPETITORS	Lemminkäinen, SRV, Skanska, NCC, Peab, Hartela, Päätoimija, Merko, Nordecon, Central Group, Finep, Dom Development, Robyg and smaller local operators in different cities	PIK Group, LSR Group, Etalon Group, SU-155, Morton, NCC, local operators in different cities	Lemminkäinen, NCC, Skanska, Destia, VR Track, Peab, Graniittirakennus Kallio, Kreate, SRV, local operators in different countries
MARKET SIZES 2015 FORECASTS	Housing start-ups Finland 26,000 The Czech Republic 25,500 Slovakia 16,900 Poland 157,100 Completed apartments Estonia 3,400 Latvia 2,200 Lithuania 7,800	Completed apartments 1,100,000	Business premises construction, EUR million Finland 10,200 The Baltic countries 3,800 Slovakia 2,000 Infrastructure construction, EUR million Finland 6,300

Housing Finland and CEE

Our reasonably priced residential projects, **Puuhakivi and Peikonkivi**, were the first to be completed in Kivistö, a new residential area in Vantaa, Finland. Located along the Ring Rail Line, Kivistö will eventually be home to some 30,000 people. Construction in the area has a special focus on ecological and environmental values, as well as art. We also built the Ruusuparkki parking facility in the area.



In **Prague, the Czech Republic,** we are building the Rokytka area development project in one of the city's most rapidly developing areas. About nine hectares in size, the residential area will see a total of nearly 900 new apartments completed by 2025. Good public transport links, green zones and nearby services make Rokytka an attractive residential area.

Niemenranta in Tampere, Finland has become a popular new neighbourhood close to the city centre. At the turn of the year, there were 9 projects and just under 400 apartments under construction in the area. The area will eventually be home to approximately 4,000 people.

In **Kaunas Old Town**, Lithuania, we started the Piliamiestis area development project. About 400 apartments will be built by the river, across from the Kaunas Castle. The area will also include business premises and office properties.

DID YOU KNOW?

- 41% of Finns consider a compact apartment to be ideal, with only the space you truly need
- 64% of Estonians live in apartment buildings (EU average: 42%)
- In October, YIT introduced a new, compact and affordable single-family housing concept in Finland.
- Bikerziedi, an apartment building built by YIT, won second place in a competition for the most energy-efficient new apartment buildings in Latvia.
- To make it easier to search for an apartment, we have divided residential areas into territories in Finland.

Housing Russia

In the historical city centre of St. Petersburg, we completed the renovation of three buildings as part of the **Smolny prospekt** project. The buildings' original load-bearing structures and facades dating back to the 1800s and early 1900s were retained and supported with modern technology. The construction of a new building and a two-level underground car park is currently underway at the site.

The first two apartment buildings of our **Novomoskovski** project were completed along Moskovski prospekt, a major street in St. Petersburg. Architecturally, the development blends in well with the surrounding cityscape. The project will comprise 474 apartments, and the Finnish housing investment company SATO has bought 80 apartments complete with finished interior surfaces and fixed furniture.

We completed our first residential development in **Tyumen, Western Siberia**. The Zhukov project comprises three buildings of 17–18 storeys, with approximately 900 apartments. Most of the apartments are highly sought-after studios and two-room units sold with plaster substrate on the surfaces, allowing our customers to finish the interiors according to their preferences.

We started the construction of the third building at our **Baltym Park** area development project in Yekaterinburg. The plan for the 76-hectare plot comprises more than 5,000 apartments. A school, three day-care centres, business premises and recreational areas will also be built in the area.

DID YOU KNOW?

- In May, YIT's development sites across Russia organised an Eco-Saturday, which has already become an established tradition. In St. Petersburg, for example, more than 10,000 flowers were planted in outdoor areas in a volunteer effort by YIT and local residents.
- At the national DOMEKSPO real estate show in Moscow, YIT was awarded a "Reliable Property Developer in Russia 2015" gold medal.
- More than 100,000 people live in homes built by YIT.
- Our Apila residential development project in Moscow was recognised for Ecological Construction in the Suburban Apartments category at the RREF AWARDS.
- The Suomi residential buildings on Vasilyevsky Island in St. Petersburg won a silver medal in the high-rise apartment building category at the international FIABCI Prix d'Excellence 2015 competition.

Business Premises and Infrastructure

We opened the **shopping centre** at the **Dixi commercial centre** in the vicinity of Tikkurila station in Vantaa. The shopping centre at Dixi became the first shopping centre in Finland to be awarded a LEED Platinum certificate. Dixi also includes a travel centre, a local bus terminal, a City of Vantaa service centre and a parking facility. We started construction on the second phase of the Dixi project in May.

A consortium formed by YIT and Meridiam Infrastructure was awarded the contract to implement the **E18 Hamina–Vaalimaa motorway project** using the PPP model, **including** the design, construction, maintenance and financing of the motorway. The project comprises approximately 32 kilometres of new motorway construction and other related road alterations. In addition to safety and road operability, environmental considerations play a key role in the project.

The first phase of the **NØRDIKA shopping centre** was completed in Lithuania. Located close to Vilnius Airport, the centre includes more than 30 local and international retail chains and restaurants. The second phase of the shopping centre is under construction and scheduled to be completed in spring 2016, at which time the shopping centre's total floor area will be 44,000 square metres.

The Helsinki Police Station was transformed into the luxurious **Hotel Lilla Roberts.** The old and valuable elements of the building were conserved and renovated to the greatest extent possible. The facades, sections and floor plans were drawn in digital format after measurements were taken. As the lack of space is a challenge with sites in central Helsinki, the project's logistics were carefully planned and storage needs were minimised.

DID YOU KNOW?

- The Finnish road network comprises 454,000 kilometres of roads, most of which are private. YIT's share of state-owned roads is 25.7%, divided over 17 maintenance contract areas.
- The second stage of the Ring Road III improvement project was completed ahead of schedule and under the client's estimated cost. The project eliminated several bottlenecks causing congestion between Lahdenväylä and Porvoonväylä, as well as in the Lentoasemantie area.
- The Joutsenpuisto parking facility construction site in Espoo was selected as a finalist in the Construction Site of the Year competition by Rakennuslehti magazine. The parking facility will be completed in 2016, in time for the inauguration of the Urheilupuisto metro station in Tapiola.
- The Finnish Concrete Industry Association selected Kauppakeskus i3, a new hub in East Helsinki, as the Piling Site of the Year 2015.

Risks and risk management

YIT's risk management policy aims to identify major risk factors and manage these factors so that the company achieves its strategic and financial objectives responsibly. The starting point is to manage the Group's total risk exposure, not merely the management of individual risk factors. One key perspective in risk management is also to identify opportunities and actively take advantage of them.

Risk management policy

YIT's risk management policy aims to identify key risk factors in the company's operations and manage these in an optimal manner to allow the company to achieve its strategic and financial objectives and ensure the continuity of its operations. The starting point is to manage the Group's total risk exposure, not merely the management of individual risk factors. Risk management must be proactive, coordinated and systematic.

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

The Group's President and CEO retains overall responsibility for risk management. The President and CEO is responsible for the organisation and the design, development, coordination and monitoring of the risk management strategy, as well as its implementation and communication throughout the organisation. The heads of the business segments identify, assess and monitor the major risks facing their respective businesses, draw up contingency plans for those risks and attend to the implementation and supervision of risk management. The heads of the segments report to the President and CEO.

The Group's financial and finance management is responsible for identifying and assessing financial risks, reporting to Group management. The Group's internal audit organisation supports YIT's management in arranging and developing risk management and internal control. The internal audit reports to the Audit Committee of the Board of Directors and is in the organisation under the President and CEO.

Risk management plays a key role in the management, supervision and reporting of the company's business operations.

The Group's risks

YIT has categorised the risks that are significant to its operations into strategic, operational, financial and event risks.

Strategic risks are risks that might endanger the achievement of the Group's strategic and financial goals if they should materialise. A strategic risk assessment is carried out at Group level once a year in connection with the review of the strategy. As a result of the assessment, the major risks of the business segments, Group Services and the Group level are identified and classified into a risk matrix based on their likelihood of occurrence and possible impacts. The management of strategic risks is guided by the risk tolerance and risk appetite defined in annual planning.

Operational risks and event risks are related to the nature of business operations, and they are managed by, among other things, developing operating methods and decision-making procedures. Operational risks and event risks are assessed and reported monthly as part of normal management and results monitoring. Risk management is an inseparable part of the preparation and implementation of projects. The primary objective of the management of event risks is the prevention of damage. The responsible operating model takes economic, social as well as environmental perspectives into consideration.

Financial risks include risks related to the sufficiency of financing, currency and interest rates, credit and counterparty risks and risks related to the reporting process. Financial risks are monitored on a monthly basis as part of the normal results monitoring. The risks associated with the financial reporting process are identified and assessed annually.

YIT's most significant short-term risks are described in the Report of the Board of Directors on page 74.

* Risk tolerance and risk appetite specify target threshold values; for example, for the use of capital and the company's sales risk, taking the prevailing economic situation and operating environment into account. They are defined as part of the annual planning process, and their actual results and forecasts are continuously used in steering the company's operations.

The Group's risks

Strategic risks	Management method
Changes in the operating environment	Geographical diversification, diversification of the business and project portfolio Foresight, monitoring and analysis processes and ability to react Large-scale area development projects and contracting provide flexibility in different market situations
Management of capital	Efficient capital allocation based on centralised decision-making on investments and investment policy Monitoring processes and simulation models Ongoing market analysis and monitoring
Product and service portfolio	Ensuring an attractive product offering that takes different customer segments into consideration Agility in switching between different methods of implementation
Mergers and acquisitions	Selected based on pre-defined criteria Effective integration processes
Operational risks	
Project management	A method of organisation that ensures the sufficient expertise of project personnel and effective steering group work Harmonised decision-making processes and operating systems, regular auditing and procedures related to decision-making authorisations In self-developed projects, a phased gate model in which the decision points involve specifically created control tools, decision-making authorisations and decision-making criteria Continuous monitoring and control of profitability and degree of completion Co-operation and communication with the authorities and other stakeholders to ensure that building rights are refined in a trouble-free manner and that construction projects proceed as planned Project management systems that enable advanced and harmonised production management and transparency
Plot acquisitions	Analysis of plot-related terms and conditions and opportunities Contractual terms
Sales risk	Adjustment of start-ups according to the sales volume, design management Contractual arrangements Advance marketing, pricing
Contract tenders and service agreements	Tender and risk analyses Contractual expertise
Risks related to personnel	The corporate culture, including values and management principles, worpcsace atmosphere, tasks, harmonised operating methods, training and career planning, as well as succession planning, ethical guidelines
Financial risks	
Liquidity risks Currency and interest rate risks Credit and counterparty risks Risks related to the reporting process	Accounting and financing policies, diverse sources of finance and balanced maturity structure, continuous cash flow planning and forecasting, internal and external audit More information on financial risks and their management is provided in Note 30 to the financial statements.

Event risks	
Damage and accidents related to personnel, property or information security Sudden and unforeseen damage to project sites, business premises and other property	Group-wide security policy and contingency plans complete with relevant procedures Group-wide insurance policies and programmes IT policies that include, among other things, guidelines on data networks, anti-virus protection and licences Ongoing occupational safety training and monitoring

Focus areas in the development of risk management in 2015

In 2015, the company defined six focus areas for the development of risk management, the implementation of which is steered by the management at Group level. A responsible person and key indicators were specified for each area. The objective of risk management development programmes is to make the company's risk management processes and operating methods even more systematic, thereby supporting the implementation of the company's strategy.

1. RENEWAL OF THE STRATEGY PROCESS

In the renewal of the company's strategy process, principles were defined for the balanced development of the company's business portfolio and capital allocation, and the capacity to simulate alternative development paths was created. A procedure was developed for the ongoing evaluation and steering of the implementation of strategy.

2. RENEWAL OF THE INVESTMENT PROCESS

The renewal of the investment process further specified decision-making criteria and promoted the earlier and higher-quality preparation of investments. The goal is to improve decision-making support and responding to changes in the operating environment.

3. REFINANCING AND MATURITY STRATEGY

Financing arrangements concluded in the spring ensured the repayment of the bond that matured in March and strengthened the maturity structure of the Group's loan portfolio. The implemented capital release measures significantly increased the Group's cash flow, which facilitated positive development in increasing financial operating space and improving the Group's key financial indicators.

4. STRENGTHENING THE RESPONSIBLE CORPORATE CULTURE

As part of the strengthening of YIT's responsible corporate culture, the company developed an online training course based on its values and business principles. The training is designed to support the decision-making of all employees in day-to-day work. The exercises included in the training reflect concrete scenarios involving values-based decision making.

5. PROJECT RISK MANAGEMENT

The improvement of project risk management focused on the development and harmonisation of practices related to evaluation and risk provisions. The implementation of a new production management system as well as an analysis and reporting system play a key role in this development.

6. CORPORATE SECURITY

Focus areas in the improvement of corporate security included improving information security at construction sites and enhancing occupational safety, particularly through influencing attitudes and developing observation procedures. Further focus areas included general information security and improving related competencies. Measures were also implemented to ensure the ethicality of procurement and increase personnel safety.

Focus areas for 2016 include risk management related to business continuity as well as the improvement of information security.

CORPORATE RESPONSIBILITY

“Complex problems, such as climate change, will be solved in cities.”

JUHA KOSTIAINEN, SENIOR VICE PRESIDENT, URBAN DEVELOPMENT, YIT

Responsibility creates added value

OUR approach to responsibility consists of three complementary levels. The foundation is formed by the Business Principles approved by the Board of Directors. They are complemented by internal principles and guidelines concerning leadership and the environmental impact of the company's operations. The highest level consists of the added value created by our business, which we refer to as *sustainable urban environments.*

THE STAKEHOLDERS PARTICULARLY HIGHLIGHTED THE IMPORTANCE OF LINKING SUSTAINABLE DEVELOPMENT TO LARGER AREAS RATHER THAN INDIVIDUAL PROPERTIES.

Our Business Principles reflect the minimum expectations of our stakeholders concerning YIT's operations. In addition to compliance with laws and regulations, our Business Principles specify the acceptable forms of co-operation and interaction with stakeholders. Our internal operating principles are partly linked to standardised operating methods (such as ISO 14001 and OHSAS 18001), but also our management principles, values and human resources policy.

Sustainable urban environments create added value

With regard to the creation of stakeholder value, the key is to identify what genuinely produces added value and is significant to stakeholders. Extensive stakeholder discussions led to us identifying sustainable urban environments as a source of added value. Sustainable urban environments refer to urban environments—and connections between them—that are ecologically, socially and economically sustainable. Promoting all of these areas of sustainability equally and fully is not possible in all situations, but we are gradually learning and developing increasingly effective ways of working towards these goals.

We promote ecological sustainability through energy-efficient construction and by acquiring plots for development at locations that are in the vicinity of good public transport connections and services. The use of public transport reduces traffic emissions, while the proximity of services reduces the need for transport. Both help increase convenience in everyday life.

We can promote social sustainability through concepts such as shared-use premises. In area development projects in Russia, we also build day-care centres and schools. We can also introduce environmental art to the areas we develop. Environmental art creates an attachment between the residents and their environment, motivating them to take good care of it. At the same time, the economic value of the area can also increase. Economic sustainability refers to properties that maintain their value, as well as cost-efficient maintenance.

CASE 1: RESIDENTS BRAINSTORM IDEAS FOR THE MERRASJÄRVI AREA IN LAHTI, FINLAND

We invited Tähtikylä's potential future residents and neighbours to brainstorm ideas on what kind of place Merrasjärvi could be. The workshop's participants included active Lahti residents ranging from students to pensioners. The main focus of the brainstorming workshop was on the use of public spaces and outdoor areas, such as the central plaza and village building that will be built in the area.

Responsibility creates added value for stakeholders: Characteristics of sustainable urban environments

Sustainable development perspective	Desired characteristics at the area level
Social	• Comfortable areas • Promoting a sense of community and attachment • Safety
Environmental	• Eco-efficient solutions for traffic, energy and waste management • Utilising local resources (renewables)
Economic	• Long-term attractiveness of the area • Properties that retain their economic value over the long

Comprehensive dialogue with stakeholders

We have explored the theme of sustainable urban environments with our stakeholders through various surveys and group discussions. The surveys and discussions gave stakeholders the opportunity to express opinions on various alternative content. We invited investors to share their views at YIT's Capital Markets Day. Our own personnel were involved through a survey for all employees as well as a survey conducted as part of an internal strategy seminar with approximately 100 key persons. We engaged the representatives of major cities by means of a workshop as well as bilateral discussions. We also arranged a discussion event with a citizen activist organisation in Helsinki.

To summarise the stakeholder discussions, we can say that the stakeholders' perceive matters related to YIT's Business Principles as well managed, and they do not consider them to be particularly interesting. However, the stakeholders did indicate that there is room for further improvement in the environmental efficiency of YIT's own operations, although the basic level was perceived to be good. For investors, in particular, zero tolerance with regard to the grey economy and corruption is very important. Our response to this challenge includes the launch in 2015 of YIT Code, an online training programme for all company personnel that is aimed at the effective implementation of a responsible corporate culture and YIT's Business Principles.

All stakeholders were unanimous in their view that the most interesting aspect of responsibility with regard to YIT is specifically building sustainable urban environments that create added value. The stakeholders particularly highlighted the importance of linking sustainable development to larger areas rather than individual properties.

What kind of added value do sustainable urban environments produce? They provide residents with neighbourhoods that suit their lifestyle, with convenience in everyday life and apartments that represent safe investments. They provide cities with sustainable and attractive new areas that support their competitiveness and sustainability. Our shareholders benefit from the results of sustainable business and our employees can be offered challenging jobs and learning experiences. Finally, the environment will benefit from a reduced environmental load.

Vihti parish joined asylum seekers at the Riuttaranta reception centre to organise a Klapitalkoot (volunteering-based firewood chopping) event. As the participating volunteers were badly in need of work clothing, we donated jackets, pants, shoes and gloves to the event.

CASE 2: 100 GOOD DEEDS

The purpose of our Good Deeds is to make the daily life of communities easier in many ways in various parts of Finland. The recipients include non-profit organisations, associations, schools, day-care centres and nursing homes. In the practical implementation of Good Deeds, we utilise our own professional expertise as well as the tools and materials that YIT has at its disposal. We have repaired bathrooms at women's shelters, fixed a well for Scouts, donated thousands of items of work clothing that are no longer used, and we have also turned old construction site sheds into stray cat shelters and changing rooms for skating rinks.

CASE 3: WE MANAGE THE CREATION OF SOCIAL INFRASTRUCTURE IN RUSSIA

We build good living environments in seven cities in Russia. We work with local municipal administrators to plan the social infrastructure required for urban areas and our area development projects.

In the Ordzhonikidzevsk district of Yekaterinburg, for example, we built three apartment projects and an underground car park in the district between 2008 and 2015. The Zarja project, which comprises two 18-storey buildings, includes a visual arts school for children as well as an ice hockey rink. The project also features energy-efficient technology.

Examples of social infrastructure in Russia

In St. Petersburg, YIT:
- in the Novo Orlovsky residential area development project in northern St. Petersburg, designing and building a school for 825 pupils that will be signed over to the city, along with its outdoor areas, after completion
- signing over to the city two plots in the Novo Orlovsky project for the purpose of building two day-care centres for 140 children each
- building and signing over to the city a day-care centre for 66 children, along with its outdoor areas, in the Smolny housing project located in the city's historic centre
- participating in the renovation of an upper secondary school building in the Petrograd district and building a fence around its yard
- renovating a local school's sports ground in the Primorsky district

In the suburbs of Moscow, YIT:
- built and inaugurated a day-care centre for 140 children at a residential area the company built in Ramenskoye
- signed over land to the town of Lytkarino for the purpose of building a sports centre
- built a day-care centre in Shchyolkovo

In other Russian cities, YIT:
- is building a day-care centre as part of the Rifei area development project in Yekaterinburg
- built a day-care centre in Sovremennik, an area development project in Kazan

Ice hockey teams Kometa and Rovesnik competed for the inaugural YIT Uralstroi Cup in Yekaterinburg.

GRI Index

General disclosures		Page	
STRATEGY AND ANALYSIS			
G4-1	CEO's statement	**p. 8**	
ORGANISATIONAL PROFILE			
G4-3	Name of the organisation		YIT Corporation
G4-4	Products, services and trademarks	**p. 32**	
G4-5	Location of organisation's headquarters		YIT's headquarters is located in Helsinki, Finland
G4-6	Number of countries and location of operations	**p. 32**	
G4-7	Nature of ownership and legal form	**p. 53**	
G4-8	Markets served	**p. 9–12**	
G4-9	Scale of reporting organisation	**p. 5**	
G4-10	Basic information on employees	**p. 6, 72**	see table below
G4-11	Percentage of employees covered by collective bargaining agreements		YIT complies with the general collective bargaining agreements in effect in all countries in which collective bargaining agreements are generally used, including Finland. In Russia, the Group complies with company-specific agreements in line with local legislation. YIT has traditionally had very good employer–employee relationships based on negotiation and cooperation.
G4-12	Supply chain description		The Group uses suppliers and subcontractors extensively in its operations in all of the countries it operates in. The materials used in construction come from an extensive network of suppliers located mainly in Europe, particularly in the Group's current operating countries, but also on a small scale from suppliers in Asia. With regard to subcontractors, operating models vary slightly by country and business unit: in some operating countries, all of the workforce used in construction, with the exception of project management, comes from the subcontractor network, while in Finland, for example, the workforce of subcontractors mainly complements YIT's own workforce in the area of construction. Subcontractors and their workforce are largely from the Group's operating countries and their neighbouring countries.
G4-13	Significant changes during the reporting period	**p. 65–68**	
G4-14	Addressing the precautionary approach in environmental issues		
G4-15	Voluntary charters and other initiatives		No significant commitments to voluntary charters and other initiatives.
G4-16	Memberships in associations		Memberships include Green Building Council Finland, Green Building Council Russia, Confederation of Finnish Construction Industries RT and associations under it, FIBS ry, Construction Quality Association
MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Coverage of the report		The report covers all of the Group's functions, unless otherwise mentioned.

G4-10 Basic information on employees:

	2015	2014	2013
Average number of personnel	5,613	6,116	6,575
Non-salaried /salaried employees (%)	46/54	47/53	53/47
Women/men (%)	26/74	26/74	24/76

General disclosures		Page	
G4-18	Process for defining report content		The definition of report content and the identification of material aspects are based on consideration of the economic, social and environmental impacts of YIT's business operations, as well as stakeholder dialogue. The company engages in regular stakeholder dialogue. A more extensive round of stakeholder discussions were held in 2014 to determine what responsibility themes are material to stakeholders. The stakeholder discussions included participation by internal as well as external stakeholders, including the company's personnel, middle management, shareholders and investors, representatives of municipalities, as well as other similar parties. Certain potentially material themes had been identified as part of the background preparation for the discussions and surveys, and the stakeholders were surveyed on the significance of the themes. The themes were assigned priorities based on the results of the stakeholder discussions and internal deliberation. The themes identified as most significant are covered by this report. The determination of material aspects was carried out in accordance with the GRI G4 guidelines.
G4-19	Material aspects		The material aspects from the economic perspective were identified as economic performance, market presence and indirect economic impacts. The material aspects from the environmental perspective were materials, energy, waste and compliance. The material aspects from the social perspective were identified as occupational health and safety, training and education, the working conditions of subcontractors and suppliers, anti-corruption, political support and customer satisfaction.
G4-20	Internal coverage of the material aspects		The aspects identified as material are material for all Group functions, unless otherwise indicated in the section in question.
G4-21	External coverage of the material aspects		More details on the materiality of various aspects is provided in the section on each aspect.
G4-22	Restatements of information provided in previous reports		There are no restatements of information provided in previous reports.
G4-23	Significant changes from previous reporting periods		No significant changes from previous reporting periods.
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholders		YIT has identified the following as its key stakeholders: customers, personnel, shareholders and investors, municipalities and public administration, partners and civil society.
G4-25	Identification and selection of stakeholders		The identification and selection of stakeholders is based on a materiality analysis from both YIT's perspective and the stakeholders' perspective. Due to the nature of YIT's business, the company is in daily interaction with several different stakeholder groups. These stakeholders are therefore also very significant with regard to YIT's business operations. YIT also engages in dialogue with all stakeholders whose daily life the company's operations have material significance to.

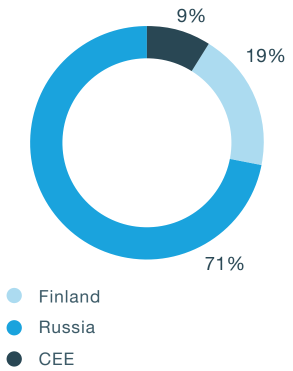
General disclosures		Page		
G4-26	Approach to stakeholder engagement		**Stakeholder**	**Interaction and communication channels**
			Customers	Customer meetings and events, trade fairs and public events, customer satisfaction surveys, diverse feedback, website
			Personnel	Everyday work and communication, result and development discussions, annual personnel survey, internal training programmes and introductory events, personnel communications materials and channels
			Shareholders and investors	Investor meetings and events, investor communications materials, releases and official financial communications, investor website
			Partners	Auditing and evaluation processes; Continuous co-operation with significant suppliers; Supplier meetings and events; Participation in co-operative bodies in the industry
			Municipalities and public administration	Personal meetings, public communications, workshops and seminars
			Civil society	Seminars and events, mass media, social media
			With most stakeholders, engagement is built on regularly recurring forms of interaction, in addition to which there is also other, continuous engagement. In 2014, YIT held extensive stakeholder discussions with regard to the development of responsibility. The discussions covered stakeholders including employees, YIT's middle management, shareholders and investors, municipalities and civil society. The discussions were also used to define the themes highlighted in this report. Stakeholder engagement in 2015 was normal.	
G4-27	Key topics raised through stakeholder engagement		In stakeholder discussions held with all stakeholder groups in 2014 with a focus on responsibility themes, the topic with the highest interest and importance was responsibility in YIT's products and services that creates added value and indicates YIT's leadership role. The majority of the stakeholders were confident that YIT manages the responsibility of its operating methods well, and no major concerns emerged in the discussions. However, many stakeholders emphasised that responsibility operating methods are very important and must be maintained, even if there are no major concerns at present. There were no changes to these focus areas in 2015.	
REPORT PROFILE				
G4-28	Reporting period		The reporting period is the calendar year, January 1, 2015 – December 31, 2015	
G4-29	Date of most recent previous report		The most recent previous report was published on February 24, 2015.	
G4-30	Reporting cycle		The report is published annually.	
G4-31	Contact point	**Back cover**		
G4-32	GRI Content Index	**p. 43–51**		
G4-33	External assurance		The report has not been assured by a third party.	
GOVERNANCE				
G4-34	Governance structure	**p. 53**		
ETHICS AND INTEGRITY				
G4-56	Organisation's values, principles, standards and norms of behaviour	**p. 19**	In addition to the company's values, mission and vision, YIT's operations are guided by its Management Principles and Business Principles. They are all included in the orientation of new personnel and regularly highlighted in various events and materials for personnel. In recent years, particular focus has been placed on leadership in accordance with the company's values, and compliance with the values and Business Principles in the company's day-to-day operations. The principles have been implemented in all of YIT's operating countries.	

Material Aspect		Page
ECONOMIC RESPONSIBILITY		
Economic Performance		
G4-DMA	Management approach	YIT's operations have a major economic impact on the surrounding society and the company's key stakeholders. YIT employs a significant number of personnel and creates business for suppliers and subcontractors. YIT's business operations are very long-term in nature, which is also reflected in the company's co-operation with stakeholders where possible, and stakeholders' economic stability.
G4-EC1	Direct economic value generated and distributed	See below

Direct economic value generated and distributed for stakeholders 2015 (2014)

Customers	Suppliers / Investors	Personnel / Public sector
Customers Revenue EUR 1,732.2 million (1,778.6)	**Suppliers** Materials and goods, EUR 233.5 million (318.4) External services EUR 774.9 million (856.3)	**Personnel** On average, 5,613 employees (6,116) Wages, salaries and fees EUR 197.8 million (210.4) Pension costs EUR 9.5 million (10.6)
	Investors Dividends EUR 27.6 million* (22.6) Interest and financial costs EUR 20.3 million (20.5) * Board's proposal to the AGM	**Public sector** Income taxes EUR 14.0 million (18.5)

Corporate income taxes paid in 2015 per area



YIT's approach to taxes
YIT is committed to being a responsible taxpayer in all of its operating countries. YIT complies with local and international tax regulations, practices and interpretations, as well as requirements concerning tax returns and other documentation. YIT applies the market price principle pursuant to the OECD Transfer Pricing Guidelines and local transfer pricing regulations in the Group's internal business transactions.

YIT's tax strategy supports decision making in business operations. YIT does not engage in aggressive tax planning or use artificial tax avoidance arrangements. All business transactions must have a business reason or commercial justification, but they may not supercede compliance with tax regulations. The most important goal of YIT's tax management is to manage YIT's overall tax position to avoid surprises and unnecessary tax disputes.

YIT pays, collects, remits and reports taxes and tax-like payments pursuant to local legislation in order to make the legally required contributions to the societies in which YIT operates. In addition to corporate income taxes, YIT pays and collects other taxes and payments, such as capital taxes, value added taxes and taxes on wages.

YIT develops and maintains open and honest relationships and up-to-date communication with the tax officials and other authorities in its operating countries.

Material Aspect		Page	
Market presence			
G4-DMA	Management approach		From the perspective of some of YIT's stakeholders, it is important that the company uses a substantial amount of local labour and local subcontractors. However, this is not always feasible on the scale the stakeholders would want. In some situations, a sufficient amount of skilled labour is not available locally, in which case YIT will utilise labour that is available from elsewhere in the labour market. In the EU, with freedom of movement for workers, YIT cannot discriminate against subcontractors or workers based on nationality.Correspondingly, YIT does not tolerate discrimination based on the nationality or origin of workers in any other cases either. YIT always complies with local collective bargaining agreements and labour law in its operating countries, regardless of where the workers originate from.
Significant indirect economic impacts			
G4-DMA	Management approach		YIT's business operations are very closely linked to the local societies in which the company operates. YIT has numerous indirect impacts on these local societies' functionality, safety and comfort. In many operating countries and municipalities, zoning sets a strict framework for the design and construction of projects, but YIT introduces its own expertise to the planning of residential neighbourhoods, for instance, where possible. In these cases, YIT increasingly considers a broad range of social, economic and environmental factors related to the urban environment, such as the long-term attractiveness of areas, their comfort, convenience in daily life, environmental efficiency, and creating a sense of community. This allows YIT to contribute to promoting the economic, social and environmental well-being of society by creating urban environments that support the other goals of society.
G4-EC7	Infrastructure investments and services	**p. 31, 42**	In Russia, YIT is involved in building social infrastructure. The construction of social infrastructure, such as schools and day-care centres, is a condition for being granted building rights for residential neighbourhoods. In Russia, YIT's projects often include other work such as the construction of road infrastructure. In other operating countries, society manages infrastructure development by means of competitive bidding between vendors. In Finland, for instance, YIT builds public facilities, day-care centres, schools, assisted living facilities, traffic infrastructure and energy infrastructure as part of the company's business operations.
G4-EC8	Significant indirect economic impacts	**p. 22–23**	The value creation involved in YIT's business operations is described on pages 22–23 of the Annual Report.
ENVIRONMENTAL RESPONSIBILITY			
Materials			
G4-DMA	Management approach		Operations in the construction business involve substantial use of construction materials. As such, the efficiency of the use of construction materials is also a significant cost issue that is given a lot of attention from that perspective in particular. Every construction project is unique, which makes it difficult to develop an unambiguous measure of material efficiency that would accurately reflect its true level. For this reason, material efficiency is monitored and managed on a project-specific basis. In addition to project-specific analysis, YIT engages in more general development of design management and technical calculation practices from the perspective of material efficiency, focusing on aspects such as the optimisation of building structures and the selection of materials.

Material Aspect		Page
Energy		
G4-DMA	Management approach	YIT's industry is not particularly energy-intensive, but the company does consume a significant amount of energy, and energy-efficiency is also an important factor in the cost-efficiency of YIT's own operations. Due to the project-intensive nature of YIT's business, energy consumption can very significantly from one period to the next. The company focuses on the energy-efficiency of its own operations particularly at the project and unit level by developing various energy-efficient working methods and replacing its vehicles and equipment as energy efficiency improves.
G4-EN3	Energy consumption within the organisation	See table below
G4-EN5	Energy intensity	The energy consumption to revenue ratio, which is an indicator of energy intensity, is indicated in the table in the section G4-EN3.
Waste		
G4-DMA	Management approach	Significant amounts of waste are generated in the construction business. A particularly large volume of waste is generated when a construction site has existing buildings that are demolished to make way for new construction. Like materials and energy, the reutilisation of waste, reducing waste volume and recycling waste are cost-efficiency issues for YIT, and as such they are managed and developed on a project-specific and unit-specific basis. As a rule, YIT's construction sites sort the construction waste they generate and focus is placed on reducing the volume of waste. Waste that can be reutilised as material is reused depending on the local availability of reuse methods.
Compliance		
G4-DMA	Management approach	The risk of significant environmental damage is quite small in YIT's business operations, although local damage may be significant in cases such as fuel leaks. YIT's construction sites have established practices for avoiding and managing such risks. In addition to the prevention of actual environmental damage, YIT also takes special protection measures in its construction projects to avoid negative impacts from construction on endangered species, for example. The assessment is very project-specific in these situations.
G4-EN29	Significant fines and sanctions for non-compliance with environmental regulations	No significant fines and sanctions for non-compliance with environmental regulations during the period.

G4-EN3 Energy consumption within the organisation:

Consumption of direct energy sources, GWh	**2015**	**2014**	**2013**
Petrol	4.2	4.7	3.6
Diesel	22.4	46.0	48.7
Light fuel oil	14.3	16.9	20.5
Natural gas	1.5	3.5	1.9
Total	**42.4**	**71.0**	**74.7**

Consumption of indirect energy sources, GWh			
Electricity	55.2	69.7	61.6
District heating	29.2	40.9	42.2
Total	**84.4**	**110.6**	**103.8**
Total energy consumption, GWh	126.8	181.6	178.5
Ratio: energy consumption (MWh) / revenue (EUR million)	76.8	100.8	96.0

Material Aspect		Page	
SOCIAL RESPONSIBILITY			
LABOUR PRACTICES AND DECENT WORK			
Occupational Health and Safety			
G4-DMA	Management approach		Occupational health and safety is one of the key responsibility aspects related to YIT's personnel, and it also creates the foundation for an employment relationship that is good in other respects as well. As the risk of occupational accidents is always present in YIT's line of business, the company places significant focus on the development of occupational safety. Over a period of several years, the company has created a very systematic approach to ensure occupational safety in particular, including personnel training, the development of operating methods, management engagement, as well as continuous reporting and monitoring. For example, the practice of wearing safety goggles at all times when working at or otherwise moving around on construction sites, regardless of the person's task, was implemented in 2014 across all of YIT's operating countries, regardless of potentially less stringent local legislation in the countries in question. Occupational safety visits to construction sites by management amounted to 558 visits in 2015, compared to 453 visits in 2014 and 290 visits in 2013. There is still much room for improvement with regard to occupational safety despite the extensive development efforts made over several years.
G4-LA6	Rates of injury, fatalities and absenteeism		See table below.
G4-CRE6	Coverage of internationally recognised health and safety management system		In 2015, the international health and safety certificate OHSAS 18001 covered YIT's operations in Finland and CEE countries.
Training and Education			
G4-DMA	Management approach	p. 27–28	One of the material factors in the value creation in YIT's business operations is personnel competence and its development. Regular and high-quality performance and development discussions create a strong foundation for competence development at YIT. They are used to monitor the development of personnel and provide encouragement at the individual level. The response to competence development needs includes coaching programmes aimed at all personnel groups, training, seminars and other development methods.
G4-LA11	Employees receiving regular performance and career development reviews		According to YIT's 2015 personnel survey, 74% of the Group's personnel participated in performance reviews. In 2014 the result was 70%.

G4-LA6 Rates of injury, fatalities and absenteeism:

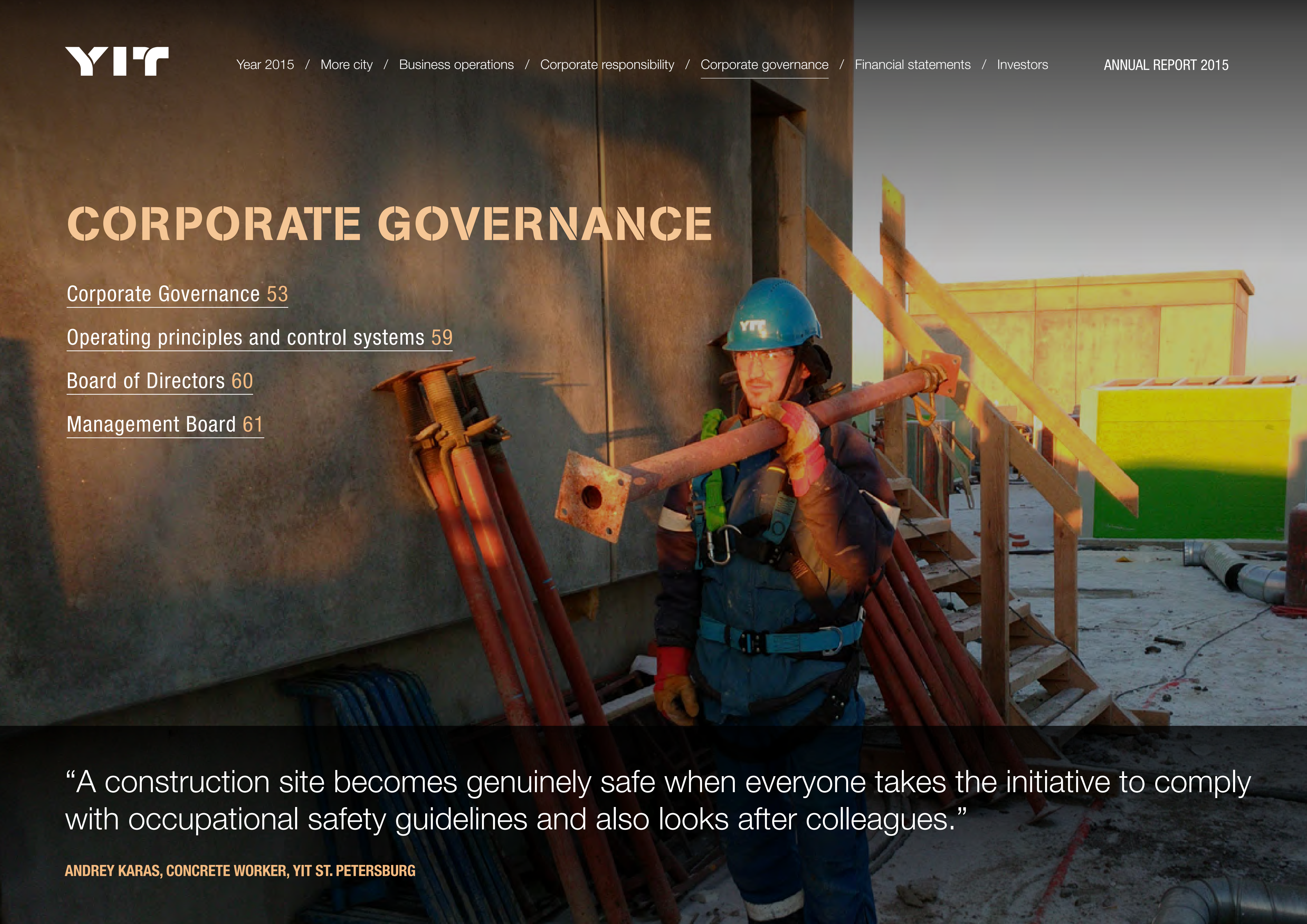
	2015	2014	2013
Accident frequency rate	10	12	11
Fatal accidents*	2	3	1

*YIT's and subcontractors' employees' deaths at YIT's construction sites

Material Aspect		Page	
Labour practices of subcontractors and suppliers			
G4-DMA	Management approach		Supplier assessment and monitoring practices vary slightly between operating countries. In Finland, YIT utilises a country-wide information system to continuously ensure that both Finnish and Estonian subcontractors take care of their employer obligations in compliance with the law. Subcontractors from other countries are required to supply corresponding information manually to YIT. However, the proportion of subcontractors used in Finland who are from countries other than Finland and Estonia is very small. A corresponding information system is not available in other operating countries for the time being, but the background of new suppliers and subcontractors is always checked before co-operation begins. YIT also emphasises the importance of strict occupational safety practices in the selection of suppliers and in supplier operations. Matters related to wages, working hours and occupational safety are communicated as part of the drafting of each subcontracting agreement, and separately if necessary, should any deficiencies and ignorance be observed. Cases of misconduct are considered on a case-by-case basis and, where necessary, the co-operation is terminated with immediate effect. The aim is to audit all significant suppliers at regular intervals. A further aim is to audit all new significant suppliers before the first agreement is signed with them. Audits cover factors related to labour practices and working conditions, environmental issues, as well as the quality and reliability of operations. The selection of suppliers is also affected by YIT's continuous internal monitoring of complaints and supplier feedback.
SOCIETY			
Anti-corruption			
G4-DMA	Management approach		Due to YIT's industry and geographical operating area, the company must pay attention to the prevention of corruption in its business operations. The YIT Business Principles are complied with throughout the Group, and there is a general communication channel for anonymously reporting suspicions of illegal activity in the various languages spoken in YIT's operating countries. YIT's strategy has confirmed a zero tolerance policy regarding the grey economy, and high ethical standards are part of the company's values. YIT's values were published in 2013 and their development involved hundreds of employees. In Russia, where the risk of corruption is greater than in the other operating countries, special attention is paid to the prevention of corruption in all of the necessary operating processes. Internal control is also particularly emphasised in Russian operations.
G4-SO4	Communication and training on anti-corruption policies and procedures		YIT continuously provides training and orientation to its personnel on the prevention of corruption and other illegal operating practices. The content and scope of the training depends partly on the role of the persons concerned; in procurement, for instance, operating methods are continuously developed to better ensure the prevention of corruption in the supply chain. At a general level, all personnel are required to comply with the YIT Business Principles, which unequivocally prohibit corruption, bribery and other illegal activities. YIT's values are reviewed as part of the orientation training of new employees, and the practical implementation of the values is assessed with the help of the annual personnel survey. In 2015, the company introduced YIT Code, an online training programme that uses case scenarios to invite participants to think about day-to-day situations, operating methods and decisions in the light of YIT's values and Business Principles. The training was implemented for white-collar employees in all of YIT's operating countries in 2015. At the end of the year, XX% of white-collar employees had completed the training. The training will be expanded to cover blue-collar employees in 2016.

Material Aspect		Page	
G4-SO5	Confirmed incidents of corruptio and actions taken		There were no confirmed incidents of corruption in 2015. In addition to the prevention of corruption, YIT has a principle of investigating all suspected cases of misconduct and deciding on further action based on the results of the investigation. A total of 20 suspected cases of misconduct were investigated in 2015. Following the investigations, co-operation with the subcontractors or suppliers in question, and any YIT employees involved, was terminated.
Political contributions			
G4-DMA	Management approach		YIT is strongly linked to the local administration in its operating countries, from public officials to politicians, in contexts such as land use and building permit processes. Local administrative bodies make many decisions that affect the company's business operations. It is therefore important that relationships with them are completely neutral, and that there is no need to question the impartiality of their decisions due to actions taken by YIT. The YIT Business Principles, which are complied with throughout the Group, specify that YIT does not make financial contributions of any kind to political parties.
G4-SO6	Contributions to political parties and related institutions		YIT does not support any politicians, political parties or other political institutions.
PRODUCT RESPONSIBILITY			
Customer satisfaction			
G4-DMA	Management approach	**p. 29–30**	YIT strives for excellent customer service and an excellent customer experience in all of its business operations. In recent years, the company has developed and harmonised its operating methods for measuring customer satisfaction across different functions, and specified strategic goals of flawless deliveries and improving the customer experience. Group-wide indicators used include the number of flawless deliveries in the housing construction business, and the Net Promoter Score in all functions across the Group. In addition, YIT utilises customer feedback surveys in all of its business operations. Customer satisfaction is regularly measured and monitored, and the development of the results is monitored by Management Boards. Customer satisfaction and quality are factors that influence the compensation and benefits of employees, and the related procedures and indicators are continuously developed further.
G4-PR5	Results of surveys measuring customer satisfaction	**p. 6**	In the Housing business, nearly 90% of the apartments handed over to consumer customers were handed over in completely flawless condition. The figure was practically unchanged from 2014 to 2015. Over the long term, the target is a 100% flawless handover rate. The Net Promoter Score, which covers all of the Group's operations, was 59.3% (69.8% in 2014) in 2015. The Net Promoter Score reflects the degree to which customers are prepared to recommend the company in question. The index score is affected by the proportion of Promoters and Detractors among all respondents, and the scale is -100%–100%. YIT's long term target for the NPS index is a score above 60%. Both indicators were first implemented in 2014, and their use was developed and expanded further in 2015.

More information on integrated reporting and GRI G4:
www.theiirc.org
www.globalreporting.org



CORPORATE GOVERNANCE

"A construction site becomes genuinely safe when everyone takes the initiative to comply with occupational safety guidelines and also looks after colleagues."

ANDREY KARAS, CONCRETE WORKER, YIT ST. PETERSBURG

Corporate Governance

YIT Corporation aims for open, transparent and responsible corporate governance. We are committed to good corporate governance through compliance with applicable legislation and the rules and regulations governing listed companies, as well as by implementing best practices. We comply with the recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association.

Governing bodies

YIT Corporation's highest decision-making body is the Annual General Meeting, which is composed of the company's shareholders. The management of the company is the responsibility of the President and CEO, guided by the Board of Directors. Other management personnel assist and support the President and CEO in his tasks. The Board of Directors decides on the Group's governance systems and ensures that the company complies with good corporate governance principles.

Annual General Meeting

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

The Annual General Meeting makes decisions on matters falling within its scope of responsibilities by virtue of the Limited Liability Companies Act and the company's Articles of Association, such as:

- The approval of the financial statements
- The distribution of profits
- Discharging members of the Board of Directors and the President and CEO from liability
- The election of the Chairman, Vice Chairman and members of the Board and the remuneration paid to them, the election of the auditor and the remuneration to be paid for the audit
- Amendments to the Articles of Association
- Decisions leading to changes in the share capital
- The purchase and transfer of company shares
- Decisions on share options and share-based remuneration

The Chairman of the Board of Directors, the members of the Board of Directors, the President and CEO and the external auditor are all present at the General Meeting. Persons nominated to seats on the Board of Directors always participate in the General Meeting deciding on the election.

THE RIGHTS OF SHAREHOLDERS

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

One share confers one vote at the General Meeting. Shareholders have the right to have matters falling within the competence of the

Additional information on the Internet

- Limited Liability Companies Act: www.finlex.fi/en
- Rules of NASDAQ OMX Helsinki: www.nasdaqomx.com
- Finnish Corporate Governance Code: www.cgfinland.fi/en/

Additional information on www.yitgroup.com/corporategovernance

- Investor information pursuant to the Finnish Corporate Governance Code, including, among other things, the Corporate Governance Statement and the Remuneration Statement for 2015.
- Articles of Association
- YIT Business Principles

General Meeting by virtue of the Limited Liability Companies Act included on the agenda, provided they demand, in writing, the Board of Directors to do so early enough so that the item can be included in the notice of meeting. The company will publish on its website well in advance the date by which shareholders must present their requests.

The notice of meeting is published no later than three weeks before the meeting on the company's website. The notice contains the agenda and the Board's proposals to the General Meeting, as well as the names of the persons nominated for seats on the Board of Directors and the nominated auditor. The minutes of the General Meeting with voting results are available on our website no later than two weeks after the General Meeting.

ANNUAL GENERAL MEETING 2015

The Annual General Meeting was held on March 18, 2015, in Helsinki. A total of 606 shareholders participated in the General Meeting personally or by proxy (2014: 637), representing a total of 47,273,156 (51,500,229) shares and voting rights, which is approximately 37.15 per cent (40.48%) of the company's shares and voting rights. All members of the Board of Directors, the President and CEO and the auditor were present at the meeting.

The resolutions of the General Meeting are presented as a summary in the Report of the Board of Directors on page 70, and they can be viewed in full on our website at ww.yitgroup.com/agm2015.

Board of Directors

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

The Board of Directors comprises the Chairman and the Vice Chairman and three to five members elected by the general meeting of shareholders for one year at a time. The Articles of Association have no special provisions on the members of the Board of Directors. The majority of the members must be independent of the company. In addition, it is required that at least two of these members are independent of the major shareholders of the company. The President and CEO cannot be elected as the Chairman of the Board. Both genders must be represented on the Board of Directors.

Participation of Board members in meetings Jan 1 – Dec 31, 2015

	Board of Directors	Personnel Committee	Audit Committee meetings
Kim Gran	10/10	5/5	
Reino Hanhinen	10/10	5/5	
Satu Huber	8/10		5/5
Erkki Järvinen	10/10	5/5	
Juhani Pitkäkoski	10/10		5/5
Teuvo Salminen	10/10		5/5
Board members' average attendance rate	97%	100%	100%

The Board of Directors convenes regularly as summoned by the Chairman. A quorum is established when more than half of its members are present. An opinion supported by more than half of the members present becomes the decision. When the votes are even, the Chairman has the casting vote. The CEO as referendary and CFO as secretary of the Board are present at Board meetings. Other Management Board members and heads of business units and functions attend the meetings when necessary. The CEO and the secretary of the Board prepare the meetings with the Chairman of the Board and draw up the agendas. They also ensure that the Board is provided with sufficient information on matters such as the structure, operations, markets and competitive situation of the company in order to carry out its tasks. The meeting agendas and materials are sent to Board members in good time before the meeting.

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

KEY TASKS OF THE BOARD OF DIRECTORS

Among other duties, the Board of Directors:

- ensures that the supervision of accounting and asset management is organised appropriately
- reviews and approves the company's Financial Statements and the Board of Directors' report as well as Interim Reports
- supervises and controls operating management
- elects and dismisses the CEO and his deputy, decides on their salary and agrees on the other terms of their employment
- convenes the General Meeting of shareholders and makes proposals on matters to be included on its agenda
- specifies the dividend policy and makes a proposal to the General Meeting on the dividend to be paid annually
- approves the Group's strategy, strategic goals and risk management principles
- approves budgets and action plans and oversees their implementation
- approves significant acquisitions and other investments
- confirms the functional structure of the Group
- ensures the functioning of the management system
- ratifies the Group's values and leadership principles

BOARD OF DIRECTORS 2015

In 2015, the Board of Directors of YIT Corporation comprised four (4) ordinary members in addition to the Chairman and the Vice Chairman. The Chairman was **Reino Hanhinen**, born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c.; the Vice Chairman was **Kim Gran**, born 1954, B.Sc. (Econ.); and the ordinary members were **Satu Huber**, born 1958, M.Sc. (Econ.), Chief Executive Officer of Elo Mutual Pension Insurance Company; **Erkki Järvinen**, born 1960, M.Sc. (Econ.), President and CEO of Tikkurila; **Juhani Pitkäkoski**, born 1958, LL.M., Executive Vice President & CEO, Division Industrial Solutions, Caverion Corporation; and **Teuvo Salminen**, born 1954, M.Sc. (Econ.).

In 2015, all of the members of the Board of Directors were independent of YIT and its major shareholders, except Juhani Pitkäkoski, who is not independent of the company due to having worked as the President and CEO of YIT Corporation within the three years preceding the start of his membership of the Board of Directors. The Board of Directors convened 10 times during 2015. The members' total attendance rate was 97 per cent. The Board of Directors conducted a self-evaluation during the year, assessing matters such as the efficiency of its work, the quality of information and materials submitted to the Board, the focus areas of its work and the targets set for management. The results of the evaluation are to be used in developing the Board's work.

The Board's work focused on selecting strategic priorities, assessing the effects of changes in the operating environment and supervising the implementation of measures. Other focus areas in the Board's work in 2015 included monitoring the capital release programme, ensuring cash flow, and matters related to financing. Timo Lehtinen, the CFO of the Group, served as the secretary of the Board.

Presentations of members of the Board are on page 60 and on our website.

PROPOSAL ON COMPOSITION OF BOARD OF DIRECTORS IN 2016

The Board of Directors proposes on the recommendation of the Personnel Committee that four (4) members be elected to the Board in addition to the Chairman and the Vice Chairman. The Board of Directors proposes on the recommendation of the Personnel Committee that **Kim Gran** be elected as the Chairman of the Board, **Matti Vuoria** (new) as the Vice Chairman and **Satu Huber**, **Erkki Järvinen**, **Inka Mero** (new) and **Juhani Pitkäkoski** as members. All candidates have consented to being elected. All candidates are presented on the company's website.

YIT Corporation's Board of Directors on December 31, 2015

Reino Hanhinen (Chairman)
Kim Gran (Vice Chairman)
Satu Huber
Erkki Järvinen
Juhani Pitkäkoski
Teuvo Salminen

AUDIT COMMITTEE
Teuvo Salminen (Chairman)
Satu Huber
Juhani Pitkäkoski

PERSONNEL COMMITTEE
Reino Hanhinen (Chairman)
Kim Gran
Erkki Järvinen

Committees for the Board of Directors

The Board of Directors has two committees: the Personnel Committee and the Audit Committee.

The Board of Directors elects the members and Chairmen of the Committees from among its members at its organisational meeting. All Committees have written standing orders ratified by the Board of Directors. The Committees report to the Board of Directors on the matters dealt with by them and the required actions on a regular basis at the Board meeting following each Committee meeting.

PERSONNEL COMMITTEE

The task of the Personnel Committee is to assist the Board in matters related to appointing and rewarding key personnel. Among other things, the Personnel Committee prepares proposals for the development of the Group's corporate culture and HR policy, remuneration and incentive schemes, the rules for performance-based bonuses, and the performance-based bonuses paid to the management. In addition, identifying talents, the development of key personnel and planning for management replacements fall under the preparation responsibility of the Committee.

The Committee convenes as necessary and as summoned by the Chairman. It has a minimum of three and a maximum of five members, who all have knowledge of our business operations and business segments as well as HR and reward-related matters. We require that the members of the Committee are independent of the company as stated in the Finnish Corporate Governance Code. The Senior Vice President, Human Resources, serves as the Committee's secretary.

PERSONNEL COMMITTE IN 2015

The members of the Personnel Committee of the Board of Directors of YIT Corporation in 2015 were Reino Hanhinen as the Chairman and Kim Gran and Erkki Järvinen as members.

The Committee convened a total of five times in 2015. The members' total attendance rate was 100 per cent. Pii Raulo, Senior Vice President, Human Resources, served as the Committee's secretary.

The main tasks of the Personnel Committee in 2015 were to prepare rules for performance-based bonuses and the annual targets, key personnel categories and key personnel allocation of the long-term incentive scheme. The Personnel Committee also followed the implementation of the HR plan in accordance with strategy, monitored the remuneration levels of senior management and, in conjunction with organisational changes, presented appointments of key personnel for confirmation by the Board of Directors.

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in the supervision of the Group's reporting and accounting processes. Its tasks include overseeing the financial reporting process of the company, the effectiveness of internal control, internal audit and risk management systems, as well as monitoring and assessing the audit. The Committee participates in the preparation of the Group's financing policy, financing plan and financing arrangements. The Committee reviews the company's Financial Statements and Interim Reports and monitors auditing. It evaluates compliance with laws and regulations and follows the Group's financial position.

The Committee convenes five times per year and more often if necessary. It comprises three members independent of the company. In addition, it is required that at least one of the members is independent of major shareholders. Persons who have extensive knowledge of the Group's business operations and business segments and sufficient knowledge of accounting and accounting principles are elected as members. The Group's CFO acts as the secretary of the Audit Committee.

AUDIT COMMITTEE IN 2015

The members of the Audit Committee between January 1 and March 18, 2015, were Satu Huber as the Chairman and Juhani Pitkäkoski and Teuvo Salminen as members. At its organisational meeting on March 18, 2015, the Board of Directors elected Teuvo Salminen as the Chairman and Satu Huber and Juhani Pitkäkoski as members of the Audit Committee.

In 2015, Recommendation 26 (Independence of the members of the audit committee) of the Finnish Corporate Governance Code was deviated from in the election of the members of the company's Audit Committee, when Juhani Pitkäkoski, who is not independent of the company, was elected as a member of the Audit Committee. Mr. Pitkäkoski was elected as a member of the Audit Committee due to his extensive knowledge of the company's business and finances as well as management, supervision and control systems as the company's former CEO.

The Audit Committee convened five times in 2015. The members' total attendance rate was 100 per cent. Group CFO Timo Lehtinen served as the secretary of the Committee. President and CEO Kari Kauniskangas also participated in the meetings of the Committee.

In addition, Ari Ladvelin, head of internal audit, also participated in the meetings. During the period from January 1 to March 18, 2015, Heikki Lassila (PricewaterhouseCoopers) participated in the meetings as the company's chief auditor. From March 18, 2015, onwards, the new chief auditor, Juha Wahlroos (PricewaterhouseCoopers), participated in the meetings, as did members of the company's management and experts, depending on the matters dealt with by the meeting.

During the financial period, the Audit Committee focused on areas such as monitoring the capital release programme and the use of capital, the preparation of financing arrangements, risk management and matters related to information systems and IT. In conjunction with discussing Interim Reports, the Audit Committee expressed its views on management estimates, monitored the progress of disputes and legal proceedings, and discussed the Group's decision-making authorisations. The Audit Committee also discussed the Group's decision making authorisations.

President and CEO

The President and CEO attends to the day-to-day administration of the company in accordance with the instructions and regulations laid down by the Board of Directors. The Board of Directors appoints and discharges the CEO and supervises his operation. It also decides on the President and CEO's salary and fees and other terms of employment. The CEO ensures that the company's accounting is lawful and asset management is organised reliably. The President and CEO serves as the Chairman of the Group's Management Board.

Management Board and Group Investment Board

The President and CEO and other members appointed by the Board of Directors make up the Group's Management Board. The President and CEO appoints the Management Board's secretary. The Group Management Board, which meets on a regular basis, approximately once a week, assists the Group CEO with operational planning and management and prepares matters that are to be processed by the Board of Directors. Among other duties, the Management Board formulates and coordinates the Group's strategic and annual planning and supervises the implementation of plans and financial reporting. The Management Board actively monitors changes in the operating environment and in the market and the competitor field. Development of co-operation within the Group and promoting common development projects are also among the Management Board's key duties. In addition to the Management Board, a separate Group Investment Board assists the President and CEO in the planning of capital use, investments and the preparation of acquisitions.

The President and CEO is responsible for the decisions made by the Management Board and the Group Investment Board. The task of the members of the Management Board and the Group Investment Board is to implement the decisions in their own areas of responsibility. The Management Board and Group Investment Board have standing orders ratified by the Board of Directors.

MANAGEMENT BOARD IN 2015

Kari Kauniskangas served as YIT Corporation's President and CEO.

The Group Management Board as of January 1, 2015:
- Kari Kauniskangas, Chairman, President and CEO
- Tero Kiviniemi, Vice Chairman, Executive Vice President, Head of Business Premises and Infrastructure segment
- Teemu Helppolainen, Head of Housing Russia segment
- Antti Inkilä, Head of Housing Finland and CEE segment
- Timo Lehtinen, Chief Financial Officer
- Juhani Nummi, Secretary to the Management Board, Senior Vice President, Business Development
- Pii Raulo, Senior Vice President, Human Resources

In addition to the members of the Management Board, the extended Management Board also includes the following heads of divisions: Kari Alavillamo, Jouni Forsman, Harri Isoviita, Pavel Kocherezhkin (until October 13, 2015), Matti Koskela, Timo Lehmus, Tom Sandvik and Mikhail Voziyanov.

Presentations of the members of the Management Board are on page 61 and on our website.

The Management Board convened twelve (12) times during the year for actual Management Board meetings. Management was sharpened in meetings based on weekly reviews of the operating environment. The focus areas of the Management Board's work in 2015 included the planning and implementation of strategy, risk management, controlling investments, controlling the capital release programme and the competitiveness programme, and focusing development efforts on strategically important areas. Key content themes included HR development, the product offering, customer orientation, customer experience and the brand, profitability control, cash flow and capital efficiency. In addition to controlling common development programmes, the Management Board led the development of quality and occupational safety, and HR development focused on ensuring compliance with the company's values and management principles.

Internal audit

YIT Group's internal audit organisation supports the management in the development and supervision of risk management, internal control and good corporate governance. The internal audit reports to the Audit Committee of the Board of Directors and administratively to YIT's President and CEO.

The focus of the work of the internal audit is on operational auditing, with a particular emphasis on project risk management and international operations. The work is coordinated with auditing and other Group functions. The internal audit also works closely together with the Group's corporate security organisation.

Audit fees

EUR million	2015	2014
Audit	0.8	0.8
Certificates and statements	0.0	0.0
Tax advice	0.0	0.1
Other fees	0.1	0.1
Total	0.9	1.0

INTERNAL AUDIT IN 2015

The focus areas of the internal audit were project management, risk management, IT administration, reporting in foreign subsidiaries and the management of misconduct risks. The internal audit participated regularly in the work of the Group's Ethics Committee and was also involved in the development of corporate security and insurance processes.

Audit

According to the Articles of Association, YIT has one auditor that must be a firm of auditors approved by the Central Chamber of Commerce. The Annual General Meeting elects the auditor based on the proposal of the Audit Committee of the Board of Directors. The auditor audits the company's accounting, Board of Directors' report, Financial Statements and administration for the financial year. The parent company's auditor must also audit the consolidated financial statements and other mutual relations between the Group companies. The auditor reports regularly to the Board of Directors and gives YIT's shareholders an Auditor's Report as required by law. The auditor's fee is paid as per invoice.

AUDIT IN 2015

The Annual General Meeting in 2015 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the auditor. The auditor with main responsibility was Juha Wahlroos, Authorised Public Accountant. The Auditor's Report for the financial year 2015 is presented in the Financial Statements section of the Annual Review.

Insider administration

YIT Group has Guidelines for Insiders that follow the Guidelines for Insiders approved by NASDAQ OMX Helsinki for listed companies. Permanent insiders may not trade in securities issued by YIT during the periods between the end of review periods and the publication of financial statements or interim reports (closed window). For the statutory insiders (insiders with duty to declare) and their close associates, the ownership of YIT shares is public. Statutory insiders include the members and secretary of the Board of Directors, the President and CEO and his Deputy, the audit organisation employee with the main responsibility for the audit of the company and the members and secretary of the Group Management Board. In addition, YIT has permanent company-specific insiders and in special projects separately named project-specific insiders whose holdings are not public. YIT's company-specific insiders are the persons who regularly receive insider information based on their position or duties or whom the company has determined to be company-specific insiders. Company-specific insiders include separately specified management and key personnel of the Group, the President and CEO's secretary, the secretaries of the Executive Vice President and of the CFO and other specified persons. The Group maintains a register of its insiders subject to a disclosure requirement in Euroclear Finland Ltd's system. Up-to-date ownership and trading information on insiders on our website.

Operating principles and control systems

Operating principles and control systems

YIT complies with the legislation of Finland and its operating countries as well as the regulations and guidelines for listed companies in all of its operations. Operations are also guided by the company's values and business principles, which all of the employees must comply with at all times. The company has ratified the following guidelines and policies, among others: YIT Business Principles, YIT's values and leadership principles, standing orders of YIT Group and administrative bodies, guidelines for insiders, the Group's financing policy, guidelines on the accounting and reporting policies, risk management policy, corporate security policy, disclosure policy, investment guidelines and guidelines for acquisitions.

YIT Business Principles

YIT's mission, vision and values are the foundation of YIT's operations and ways of working. Our jointly defined values and Leadership Principles create the basis for everything we do in our daily work at YIT. YIT has defined Business Principles that help make the right choices every day at work. Knowing the Business Principles, applying them and discussing them is part of our culture of responsibility. Commitment to our values, Leadership Principles and Business Principles promotes the long-term success of our business and strengthens our responsible corporate culture.

Success in business requires that we respect our stakeholders and produce value to various stakeholders from our customers to our shareholders. YIT Business Principles include the principles that guide our operations in relation to customers, employees, shareholders, business partners, competitors, society and the environment. Every employee is, for his or her part, responsible for complying with YIT Business Principles.

In 2015, we implemented an online training programme with uniform content for everyone at YIT. The training uses concrete scenarios to make participants think about day-to-day decisions, ways of working and choices from the perspective of our values and Business Principles. YIT Code supports and strengthens conduct, decisions and operations in accordance with common rules. As a company, we have also made a promise to comply with our Business Principles. This is a promise we have made publicly to our customers, partners, stakeholders and to each other. This promise can be fulfilled only by all of us making a contribution.

Internal control and risk management connected with the financial reporting process

Financial reporting and supervision are based on the Group's annually updated strategy, budgets drafted and ratified every six months, as well as on monthly performance reporting. The most significant part of the accounting material is generated in projects, the result, cash flow and capital forecasts of which are updated on a monthly basis. The financial units of business units are responsible for reporting in their respective areas of responsibility in accordance with the accounting principles defined by the Group. The reporting carried out by segments and divisions is supported by such functions as Group accounting, IT and financing. The CFO is a member of the Group Management Board, and he serves as the secretary of the Audit Committee.

The representatives of centralised financial functions and the financial management of the segments convene on a monthly basis to review matters that concern the segments, the most significant development projects and topical special issues concerning financial administration.

IN 2015

The risks of financial reporting are assessed annually. Risks related to financial reporting are managed with the help of the Group's accounting manual, financing policy, investment guideline, acquisition instructions and internal audit.

In 2015, the Group continued to revise and harmonise accounting and reporting systems, and a significant information system was deployed in the planning and reporting of Finnish business operations. In Russia, the harmonisation of systems continued. Group financing controls were developed and verified further.

The internal control and risk management systems connected with the financial reporting process are described in more detail in YIT Corporation's Corporate Governance Statement available on our website.

We also publish a separate annual Remuneration Statement on our website. The statement includes a description of the key remuneration principles as well as information on the fees and benefits paid to the Board of Directors, President and CEO and the Group Management Board.

Our operations are guided by

Key external regulations

- Limited Liability Companies Act
- Rules of NASDAQ OMX Helsinki
- Finnish Corporate Governance Code

Key internal regulations

- Articles of Association
- YIT Group's standing orders
- Standing orders of the Board of Directors, its Committees and the Management Boards
- YIT Business Principles

Board of Directors

JUHANI PITKÄKOSKI

born 1958, LL.M.
Caverion Corporation, Executive Vice President & CEO,
Division Industrial Solutions 2015–

Member of the Board of Directors, 2014–
Member of the Audit Committee, 2014–

Note independent of the company, but independet of its major shareholders.

View career history >

KIM GRAN

Vice Chairman
born 1954, B.Sc. (Econ.)

Vice Chairman of the Board of Directors
Member of the Board of Directors, 2008–
Member of the Personnel Committee, 2013–

Independent of the company and its major shareholders.

View career history >

REINO HANHINEN

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

Chairman of the Board of Directors
Chairman of the Personnel Committee, 2014–

Independent of the company and its major shareholders.

View career history >

TEUVO SALMINEN

born 1954, M.Sc. (Econ.)

Member of the Board of Directors, 2014–
Member of the Audit Committee, 2014–

Independent of the company and its major shareholders.

View career history >

SATU HUBER

born 1958, M.Sc. (Econ.),
Elo Mutual Pension Insurance Company, Managing Director 2015–

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

Independent of the company and its major shareholders.

View career history >

ERKKI JÄRVINEN

born 1960, M.Sc. (Econ.),
Tikkurila Group, President and CEO 2009–

Member of the Board of Directors, 2013–
Member of the Personnel Committee, 2014–

Independent of the company and its major shareholders.

View career history >

Management Board

Management Board was photographed in an apartment in Merenkulkijanranta, Lauttasaari.

JUHANI NUMMI

Senior Vice President,
Business Development
born 1967, M.Sc. (Eng.).

View career history >

TERO KIVINIEMI

Executive Vice President
Head of Business Premises and Infrastructure segment
born 1971, M.Sc. (Eng.),
Executive MBA.

View career history >

PII RAULO

Senior Vice President, Human Resources
born 1967, M.Sc. (Econ.).

View career history >

ANTTI INKILÄ

Head of Housing Finland and CEE segment
born 1969, M.Sc. (Eng.).

View career history >

KARI KAUNISKANGAS

President and CEO
born 1974, M.Sc. (Eng.),
B.Sc. (Econ.)

View career history >

TEEMU HELPPOLAINEN

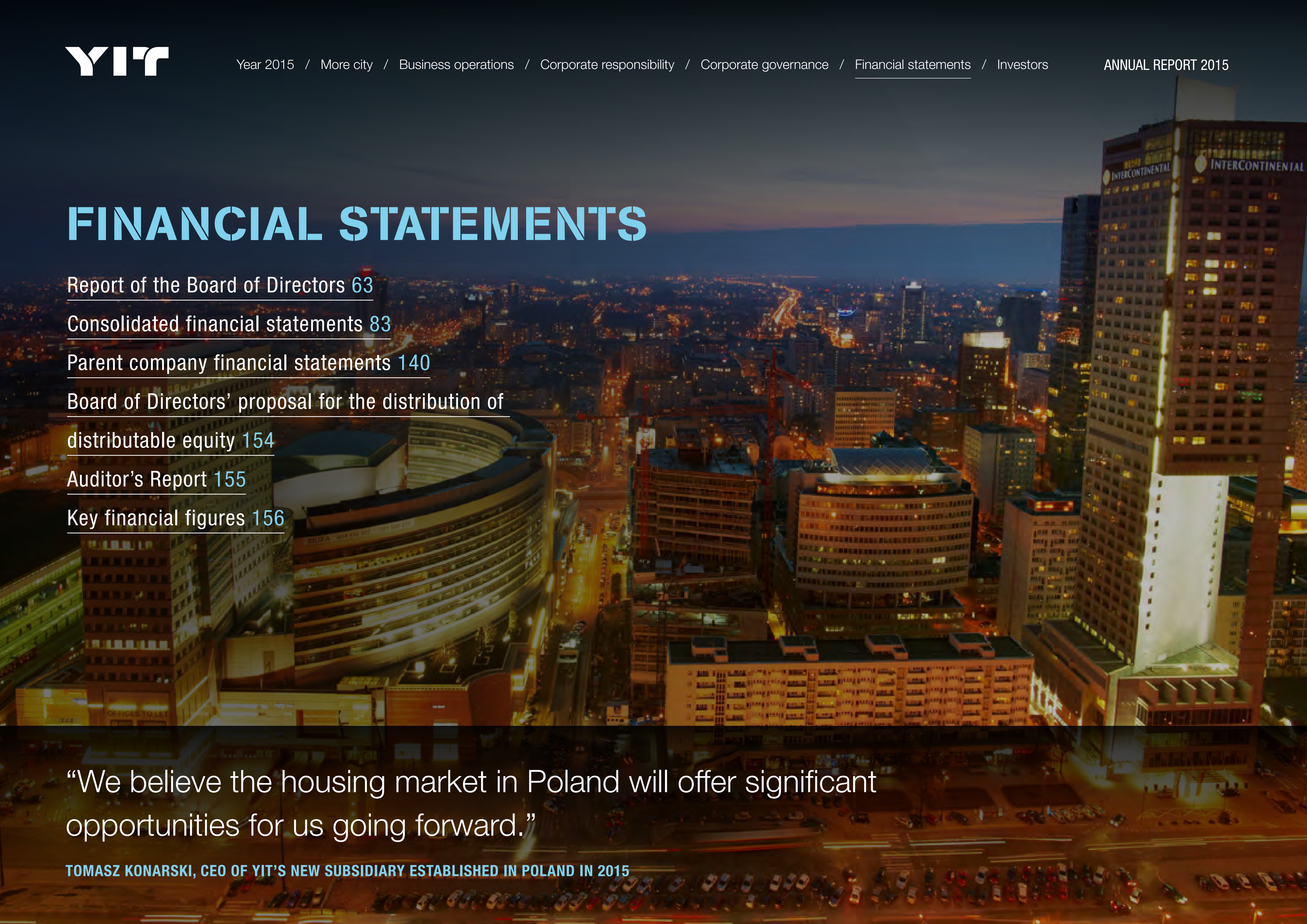
Head of Housing Russia segment
born 1962, M.Sc. (Econ.)

View career history >

TIMO LEHTINEN

Chief Financial Officer
born 1964, M.Sc. (Econ.),
Executive MBA

View career history >



FINANCIAL STATEMENTS

“We believe the housing market in Poland will offer significant opportunities for us going forward.”

TOMASZ KONARSKI, CEO OF YIT’S NEW SUBSIDIARY ESTABLISHED IN POLAND IN 2015

Report of the Board of Directors January 1 – December 31, 2015

YIT Corporation's management follows the development of the company's business according to the percentage of completion based segment reporting method (POC). Therefore, the report of the Board of Directors focuses on describing the company's performance according to this reporting. YIT also reports on its operations in accordance with IFRS guidelines, where the company applies, for example, the IFRIC 15 guidelines.

Group financial development based on segment reporting (POC)

Revenue

EUR million	1–12/15	1–12/14	Change	Change at comparable exchange rates
Revenue	**1,651.2**	**1,801.2**	**-8%**	**-3%**
Housing Finland and CEE	777.8	726.5	7%	7%
Housing Russia	266.4	474.1	-44%	-25%
Business Premises and Infrastructure	607.1	599.3	1%	1%
Other items	-0.1	1.4		

The Group's revenue decreased by 8% year-on-year. At comparable exchange rates, revenue decreased by 3%. Revenue increased in the Housing Finland and CEE segment due to strong residential sales in the CEE countries and decreased in the Housing Russia segment due to lower residential sales and the weakening of the ruble. The revenue of the Business Premises and Infrastructure segment remained stable.

In 2015, 73% of the group revenue came from Finland, 16% from Russia and 11% from the CEE countries. Russia's relative share of the Group revenue decreased substantially year-on-year due to lower residential sales and weak ruble. The CEE countries' share of the revenue increased slightly thanks to strong residential sales in the area.

Revenue by geographical area, %	1–12/15	1–12/14
Finland	73%	65%
Russia	16%	26%
The CEE countries	11%	9%

Result

EUR million	1–12/15	1–12/14	Change
Operating profit	**65.7**	**114.0**	**-42%**
Operating profit margin, %	**4.0%**	**6.3%**	
Non-recurring items	**-10.4**	**-12.4**	
Operating profit excluding non-recurring items	**76.0**	**126.4**	**-40%**
Housing Finland and CEE	56.0	63.7	-12%
Housing Russia	10.9	55.8	-80%
Business Premises and Infrastructure	21.9	20.4	8%
Other items	-12.8	-13.5	
Operating profit margin, % excluding non-recurring items	**4.6%**	**7.0%**	
Housing Finland and CEE	7.2%	8.8%	
Housing Russia	4.1%	11.8%	
Business Premises and Infrastructure	3.6%	3.4%	

Operating profit excluding non-recurring items declined by 40% year-on-year. Operating profit margin excluding non-recurring items stood at 4.6% (1–12/14: 7.0%). The operating profit margin excluding non-recurring items was burdened by the Housing Russia segment's year-on-year lower revenue and weakened project margins in particular. Changes in foreign exchange rates had a negative impact of EUR 4.4 million on operating profit excluding non-recurring items.

The operating profit includes non-recurring costs of EUR 10.4 million, of which EUR 2.7 million are related to the restructuring of the Russian operations and EUR 7.7 million impairment charge are related to development costs of projects in the Moscow region that YIT has decided not to implement.

EUR million	1–12/15	1–12/14	Change
Profit before taxes	27.0	75.0	-64%
Profit for the review period [1]	20.0	56.6	-65%
Earnings per share, EUR	0.16	0.45	-65%
Earnings per share excluding non-recurring items, EUR	0.23	0.53	-57%
Effective tax rate, %	25.5%	24.6%	

[1] Attributable to equity holders of the parent company

Order backlog

EUR million	12/15	12/14	Change
Order backlog	**2,172.9**	**2,125.9**	**2%**
Housing Finland and CEE	802.7	798.5	1%
Housing Russia	508.5	653.5	-22%
Business Premises and Infrastructure	861.6	673.9	28%

The order backlog increased by 2% year-on-year. The order backlog increased clearly in the Business Premises and Infrastructure segment where the company won significant new projects during the year. In Housing Russia, the order backlog decreased due to the year-on-year lower residential start-ups and the weakening of the ruble. The Tripla project and the Tampere light rail project were not yet included in the order backlog at the end of the year.

Changes in foreign exchange rates decreased the order backlog by EUR 57.5 million year-on-year. At the end of 2015, 49% of the order backlog had been sold (12/14: 40%).

Acquisitions and capital expenditure

EUR million	1–12/15	1–12/14	Change
Gross capital expenditure on non-current assets	12.0	13.9	-13%
% of revenue, POC	0.7%	0.8%	
Depreciation	12.1	12.6	-3%

YIT did not make any business acquisitions in 2015. Gross capital expenditure on non-current assets amounted to EUR 12.0 million, or 0.7% of revenue. Investments in construction equipment amounted to EUR 3.6 million (1–12/14: EUR 2.8 million) and investments in information technology totalled EUR 5.1 million (1–12/14: EUR 5.8 million). Other investments including acquisitions amounted to EUR 3.3 million (1–12/14: EUR 5.3 million).

Cash flow and invested capital

EUR million	1–12/15	1–12/14	Change
Operating cash flow after investments	183.7	151.9	21%
Cash flow of plot investments	-138.1	-118.7	16%

EUR million	1–12/15	1–12/14	Change
Invested capital	1,131.5	1,403.2	-19%
Return on investment (last 12 months), %	5.3%	7.7%	

Operating cash flow after investments in January-December increased by 21% year-on-year supported by actions to release capital. The company paid dividends of EUR 22.6 million for 2014 in compliance with the resolution of the Annual General Meeting.

Cash flow of plot investments increased by 16% year-on-year especially due to plot acquisitions in the CEE countries. 44% of the year's cash flow of plot investments was related to plot investments in the CEE countries.

Invested capital decreased by 19% year-on-year. Return on investment weakened year-on-year due to the decrease in operating profit.

One of YIT's key focus areas is to improve capital efficiency. In 2015, capital was released by measures including selling completed apartments to investors, continuing the plot cooperation with plot funds worth approximately EUR 58 million and agreeing on the sale of slow-moving assets worth around EUR 30 million. Around 80% of the ongoing EUR 380 million capital release program had been carried out by the end of December, in addition to which slow-moving assets have been reduced by impairment of EUR 9 million. The aim is to complete the program in 2016.

Development by business segment

Housing Finland and CEE

OPERATING ENVIRONMENT

In 2015, consumers were still cautious in making purchase decisions, while investors remained active in Finland. The demand for small, reasonably priced apartments remained on a good level in growth centres. Large apartments faced some price pressure.

Positive macroeconomic development supported the residential demand in the CEE countries, and residential prices stayed stable on average. The housing market developed positively especially in the Czech Republic and Slovakia.

Mortgage interest rates were on a low level in all operating countries and the availability of financing was good. In Finland, new drawdowns of mortgages increased year-on-year.

EUR million	1–12/15	1–12/14	Change
Revenue	777.8	726.5	7%
Operating profit	56.0	57.6	-3%
Operating profit margin, %	7.2%	7.9%	
Operating profit excluding non-recurring items	56.0	63.7	-12%
Operating profit margin, % excluding non-recurring items	7.2%	8.8%	
Operative invested capital at end of period	437.1	579.8	-25%
Return on operative invested capital (last 12 months), %	11.0%	9.4%	
Order backlog at end of period	802.7	798.5	1%

The segment's revenue increased by 7% year-on-year supported by strong investor sales in Finland and positive development in the CEE countries.

Operating profit excluding non-recurring items decreased by 12% year-on-year, and the operating profit margin excluding non-recurring items stood at 7.2% (1–12/14: 8.8%). Profitability was burdened by investor projects' clearly higher share of revenue in Finland compared to the previous year and actions to release capital. Profitability development was positive in the CEE countries.

In 2015, residential sales activity was brisk in the CEE countries, and YIT acquired significant plots and started new projects in order to support growth in the area. YIT announced in September that it had established a new business unit in Warsaw to exploit the opportunities in Poland's residential market.

The segment's operative invested capital decreased year-on-year due to improved capital efficiency and the changes in the sales mix. The number of completed, unsold apartments in Finland declined by 33% year-on-year.

Residential construction in Finland, units	1–12/15	1–12/14	Change
Sold	3,192	2,515	27%
of which initially started to consumers [1]	1,715	1,641	5%
Start-ups	2,864	2,112	36%
of which to consumers	1,387	1,238	12%
Completed	2,626	2,412	9%
of which to consumers	1,600	1,628	-2%
Under construction at end of period	3,500	3,262	7%
of which sold at end of period, %	73%	65%	
For sale at end of period	1,259	1,587	-21%
of which completed	302	450	-33%
Plot reserve in the balance sheet at end of period, EUR million	134.0	165.7	-19%
Plot reserve at end of period [2], floor sq. m.	1,628,500	1,868,000	-13%
Cost of completion at end of period, EUR million	213.0	178.0	20%

[1] Includes sales to residential property funds: 1–12/15: 464 units; 1–12/14: 326 units.
[2] Includes pre-agreements and rental plots.

Residential construction in the CEE countries, units	1–12/15	1–12/14	Change
Sold	1,023	734	39%
Start-ups	1,021	789	29%
Completed	717	724	-1%
Under construction at end of period	1,442	1,134	27%
of which sold at end of period, %	40%	22%	
For sale at end of period	1,014	1,012	0%
of which completed	145	129	12%
Plot reserve in the balance sheet at end of period, EUR million	112.7	65.9	71%
Plot reserve at end of period, floor sq. m.	558,000	348,000	60%
Cost of completion at end of period, EUR million	72.0	45.0	60%

Housing Russia

OPERATING ENVIRONMENT

In January 2015, the weakness of the ruble and the increased uncertainty in the Russian economy were still reflected in consumers' willingness to shift assets to fixed property, including apartments. Demand slowed down from the good level seen in January as consumers' purchasing power weakened. Demand focused especially on small apartments and apartments close to completion. Residential prices remained stable, but decreased in real terms. A mortgage interest rate subsidy program introduced for the primary market by the Russian government in March supported residential sales and led to mortgage interest rates for new apartments falling to a level of around 11–12%.

EUR million	1–12/15	1–12/14	Change
Revenue	266.4	474.1	-44%
Operating profit	0.6	49.8	-99%
Operating profit margin, %	0.2%	10.5%	
Operating profit excluding non-recurring items	10.9	55.8	-80%
Operating profit margin, % excluding non-recurring items	4.1%	11.8%	
Operative invested capital at end of period	363.0	378.1	-4%
Return on operative invested capital (last 12 months), %	0.2%	10.5%	
Order backlog at end of period	508.5	653.5	-22%

The segment's revenue decreased by 44% year-on-year. At comparable exchange rates, revenue decreased by 25% due to lower residential sales.

Operating profit margin excluding non-recurring items declined by 80% and the operating profit margin excluding non-recurring items was 4.1% (1–12/14: 11.8%). The segment's profitability was burdened by the year-on-year lower revenue and weakened project margins, among other things. Weakening of the ruble had a negative impact of EUR 4.4 million on operating profit excluding non-recurring items.

The operating profit includes non-recurring costs of EUR 10.3 million, of which EUR 2.6 million are related to the restructuring of the segment and EUR 7.7 million impairment charge are related to development costs of projects in the Moscow region that YIT has decided not to implement.

In 2015, the share of residential deals financed with mortgages was 50% (1–12/14: 41%). At the end of the year, YIT was responsible for the service and maintenance of nearly 22,000 apartments in Russia.

In 2015, the segment's risk level was reduced and start-ups lowered. The company reorganised its operations; the division structure was revised and fixed costs were reduced in line with the decline in the sales and the production volume. Part of the support functions were centralised to serve all divisions. In addition, a separate YIT Service Russia business unit was established to exploit the opportunities in the service business.

Residential construction in Russia, units	1–12/15	1–12/14	Change
Sold	3,129	4,817 [1]	-35%
Start-ups	2,542	3,545	-28%
Completed [2]	4,053	4,713	-14%
Under construction at end of period	8,100	9,611	-16%
of which sold at end of period, %	40%	43%	
For sale at end of period	5,329	5,913	-10%
of which completed	484	403	20%
Plot reserve in the balance sheet at end of period [3], EUR million	174.7	184.4	-5%
Plot reserve at end of period [3], floor sq. m.	2,193,000	2,466,000	-11%
Cost of completion at end of period, EUR million	220.0	319.0	-31%

[1] Includes bundle deals of 177 apartments.
[2] Completion of the residential projects requires commissioning by the authorities.
[3] Figures include Gorelovo industrial park.

Under construction at end of period, units	12/15	12/14	Change
St. Petersburg	3,211	3,776	-15%
Moscow region	1,736	3,021	-43%
Kazan, Moscow, Rostov-on-Don, Tyumen and Yekaterinburg	3,153	2,814	12%

Business Premises and Infrastructure

OPERATING ENVIRONMENT

Investors' interest towards projects in prime locations was on a moderate level in the Finnish business premises market. Signs of a slight pickup in end users' renting activity were seen towards the end of the review period but the competition over tenants was intense. The contracting market was active.

In the Baltic countries and Slovakia, rental levels for business premises and investors' yield requirements remained stable in the review period. Activity in the contracting market remained high in Estonia and Lithuania.

The Finnish infrastructure market remained relatively stable in the review period. Several significant projects were in tendering phase in the beginning of the year.

EUR million	1–12/15	1–12/14	Change
Revenue	607.1	599.3	1%
Operating profit	21.9	20.1	9%
Operating profit margin, %	3.6%	3.4%	
Operating profit excluding non-recurring items	21.9	20.4	7%
Operating profit margin, % excluding non-recurring items	3.6%	3.4%	
Operative invested capital at end of period	136.8	181.9	-25%
Return on operative invested capital (last 12 months), %	13.8%	10.8%	
Order backlog at end of period	861.6	673.9	28%

Business premises, EUR million	12/15	12/14	Change
Plot reserve in the balance sheet	78.1	93.2	-16%
Plot reserve, floor sq. m.	1,002,700	1,071,000	-6%
Cost of completion	13.0	47.5	-73%

The segment's revenue remained stable year-on-year. However, the order backlog increased clearly during the year, and major projects started in the second quarter will support revenue as the construction progresses.

Operating profit excluding non-recurring items increased by 7% and operating profit margin excluding non-recurring items stood at 3.6% (1–12/14: 3.4%). The profitability improved especially in the business premises construction.

In 2015, YIT was successful in tendering for significant infrastructure projects. Service agreement regarding the E18 Hamina-Vaalimaa motorway project was signed and construction work was started in June. Furthermore, a consortium between YIT, VR Track and Pöyry was chosen to carry out the light rail project in Tampere. The development phase of the project to be carried out employing alliance model was started in July. If the project will proceed to implementation phase after the development phase, its value to YIT would be approximately EUR 100 million.

YIT was successful also in smaller competitive biddings in Finland and in the CEE countries. The company won for example contracts for Töölö parking facility and West Harbour new passenger terminal in Helsinki, Finland and Estonia National Archive construction project and school projects to be carried out by using life-cycle model in Finland.

Several self-developed projects, such as Lauttasaari shopping centre, BW Tower, Avia Line III and Lönnrotinkatu office premises were sold to investors in Finland.

In December, YIT signed a letter of intent to establish a joint venture to implement the Mall of Tripla and the parking facility of the Tripla project in Central Pasila, Helsinki with a Finnish investor consortium. The aim is to sign the final project agreements in early 2016. YIT's share of ownership in the joint venture will be 35%, Etera's 35% and Fennia's and Onvest's 15% each. The building permit for the first implementation phase, the parking facility, was granted in November, and the excavation work is underway. The tenant negotiations for the shopping mall continued actively and the tenant interest has been good.

Group financial development based on group reporting (IFRS)

EUR million	1–12/15	1–12/14	Change
Revenue	1,732.2	1,778.6	-3%
Operating profit	81.6	94.8	-14%
Operating profit margin, %	4.7%	5.3%	
Operating profit excluding non-recurring items	91.9	107.3	-14%
Operating profit margin, % excluding non-recurring items	5.3%	6.0%	
Profit before taxes	61.3	74.3	-18%
Profit for the review period [1)]	47.2	55.9	-15%
Earnings per share, EUR	0.38	0.44	-15%
Operating cash flow after investments	183.7	151.9	21%
Order backlog at end of period	2,467.3	2,507.1	-2%
Invested capital at end of period	1,174.3	1,431.0	-18%
Return on investment (last 12 months), %	6.4%	6.4%	
Effective tax rate, %	22.9%	24.9%	

[1)] Attributable to equity holders of the parent company

The Group's IFRS revenue decreased by 3% year-on-year. At comparable exchange rates, revenue increased by 4%. Revenue growth was supported by the positive development in the Business Premises and Infrastructure segment and actions to release capital.

IFRS operating profit excluding non-recurring items decreased by 14% year-on-year, and the Group's operating profit margin excluding non-recurring items was 5.3% (1–12/14: 6.0%). Profitability was burdened by year-on-year lower completions of residential projects targeted for consumers, among other things.

The operating profit includes non-recurring costs of EUR 10.4 million, of which EUR 2.7 million are related to the restructuring of the Russian operations and EUR 7.7 million impairment charge are related to development costs of projects in the Moscow region that YIT has decided not to implement.

In group reporting, self-developed residential projects are recognised as income upon project handover. In Russia, revenue recognition of a project requires commissioning by the authorities. The timing of completion of self-developed projects thus affects the Group's revenue recognition, and therefore group figures may fluctuate greatly between different quarters. In addition, in group reporting part of the interest expenses are capitalised according to IAS 23 and reported as project costs above the operating profit when the project is completed. This causes differences in operating result and financial expenses between segment reporting and group reporting.

Capital structure and liquidity position

IFRS, EUR million	12/15	12/14	Change
Net interest-bearing debt	529.0	696.0	-24%
Cash and cash equivalents	122.2	199.4	-39%
Interest-bearing debt	651.2	895.4	-27%
Bonds	204.9	210.7	-3%
Commercial papers	38.8	147.4	-74%
Construction-stage financing	213.8	264.4	-19%
Pension loans	102.6	123.5	-17%
Bank loans	91.1	149.3	-39%
Average interest rate, %	3.86%	2.92%	
Revolving credit facilities	300.0	300.0	
Overdraft facilities	63.2	57.9	9%
Equity ratio, %	32.9%	29.2%	
Gearing ratio, %	101.1%	129.9%	

IFRS, EUR million	1–12/15	1–12/14	Change
Net financial expenses	-20.3	-20.5	-1%

At the end of the year, YIT's liquidity position was strong. Cash and cash equivalents amounted to EUR 122.2 million, in addition to which YIT had undrawn overdraft facilities amounting to EUR 63.2 million. YIT also has an undrawn, EUR 300.0 million revolving credit facility maturing in 2018.

In March, YIT issued an unsecured EUR 100 million bond as a private placement targeted to two domestic institutional investors. The bond matures on March 25, 2020, and carries a coupon of 6.25%. In May, YIT withdrew a EUR 25.0 million bank loan maturing in May 2017. The loan was withdrawn to improve the maturity structure of the debt portfolio.

YIT's revolving credit facilities, the bond issued in March and bank loans include a covenant requiring the Group's equity ratio based on the IFRS balance sheet to be higher than 25.0%. In addition, the revolving credit facility and two bank loans include a covenant requiring the Group's gearing ratio based on the IFRS balance sheet to be below 150.0%. At the end of the year, the equity ratio was 32.9% and the gearing ratio was 101.1%.

The total amount of interest-bearing debt was EUR 651.2 million at the end of the year and net interest-bearing debt decreased to EUR 529.0 million thanks to positive cash flow. A total of EUR 131 million of long-term loans will mature in 2016.

Net financial expenses remained stable year-on-year and amounted to EUR 20.3 million (1–12/14: EUR 20.5 million). Interest expenses at the amount of EUR 18.4 million (1–12/14: EUR 18.5 million) were capitalized in accordance with IAS 23.

The interests on participations in housing corporation loans are included in housing corporation charges and are thus booked in project expenses. Interests on the participations amounted to EUR 3.1 million in 2015 (1–12/14: EUR 3.3 million).

At the end of the year, EUR 98.6 million of the capital invested in Russia was debt investments (12/14: EUR 70.9 million) and EUR 219.0 million was equity investments or similar permanent net investments (12/14: EUR 246.0 million). In accordance with YIT's hedging policy, the debt investments are hedged against exchange rate risk, while equity investments are not hedged due to their permanent nature.

Research and development

In 2015, the total amount of development activity was increased in development projects on themes derived from the strategy and as part of the development of self-developed projects.

The three Group-wide development programmes launched in 2013 continued as planned. The aim of the Best Living Experience programme is to support the forerunner position and profitability in all operating countries. Efficient capital allocation, fast capital turnover and working capital management are the key areas of development within the Wider Financial Operating Space programme. The Excellent Leadership and Balanced Values programme also progressed further.

In Housing, the focus of development efforts in 2015 was on the brand and customer relationships. The customer experience was developed as part of the WOW programme. The Net Promoter Score (NPS), an index based on customer feedback, was implemented on a Group-wide basis in the evaluation of quality and the customer experience. Concept development in area development and construction continued and was reflected in a concrete manner for example, in the branding of new areas. Development efforts in the Housing segment also focused on profitability control methods and the product offering.

In the Business Premises and Infrastructure segment, the focus was particularly on development work related to customer relationships and the customer experience. Among the successes achieved in the development of large-scale projects, the Tripla project in Central Pasila is particularly worth mentioning. Alliance projects and the competencies required by them were also actively developed.

In strategic information management projects, the focus was on developing and implementing solutions for analysing and reporting on business operations, production control, customer service for buyers of YIT Homes, and master data management.

Other Group-wide development themes in 2015 were occupational safety, quality and responsibility. The Group-wide competitiveness programme was successfully completed at the end of 2015, but more focused efforts to strengthen competitiveness will continue.

The preparation of new strategic development programmes and the renewal of development operations, derived from the Group's confirmed business strategy, began in the autumn. The new development programmes will begin in 2016.

The Group's research and development costs in 2015 amounted to EUR 15.8 million (1–12/2014: EUR 14.5 million), representing 0.9% (1–12/2014: 0.8%) of the Group's IFRS revenue.

Resolutions passed at the Annual General Meeting

The Annual General Meeting of YIT Corporation was held on March 18, 2015. The Annual General Meeting adopted the 2014 financial statements and discharged the members of the Board of Directors and the President and CEO from liability. The Annual General Meeting decided on the dividend payout, the composition of the Board of Directors and their fees, the election of the auditor and its fees as well as authorising the Board of Directors to decide on the repurchase of company shares and share issues.

It was decided that a dividend of EUR 0.18 would be paid per share, or a total of EUR 22.6 million, as proposed by the Board of Directors, and that the remainder of the earnings would be retained in distributable equity. No dividend was paid on treasury shares. The right to a dividend rested with a shareholder who, by the record date of March 20, 2015, had been entered as a shareholder in the company's shareholder register maintained by Euroclear Finland Ltd. It was decided that the dividend would be paid on May 19, 2015.

The Annual General Meeting resolved to elect a Chairman, Vice Chairman and four ordinary members to the Board of Directors, namely: Reino Hanhinen as Chairman, Kim Gran as Vice Chairman and Satu Huber, Erkki Järvinen, Juhani Pitkäkoski and Teuvo Salminen as members.

It was resolved to pay the Board of Directors remuneration as follows: the Chairman EUR 6,600 per month (EUR 79,200 per year), the Vice Chairman EUR 5,000 per month (EUR 60,000 per year) and the Board members EUR 3,900 per month (EUR 46,800 per year), as well as an attendance fee of EUR 550 per meeting. In addition, the members of Board Committees are paid an attendance fee of EUR 550 for each committee meeting. Per diems for trips in Finland and abroad are paid in accordance with the state's travel compensation regulations.

PricewaterhouseCoopers, Authorised Public Accountants, was elected as the company's auditor, with Juha Wahlroos, Authorised Public Accountant, as chief auditor. The auditor's fees will be paid against the invoices approved by the company.

The Annual General Meeting authorised the Board of Directors to decide on the purchase of company shares as proposed by the Board of Directors. The authorisation covers the purchasing of a maximum of 10,760,000 company shares using the company's unrestricted equity. The authorisation is valid until March 31, 2016. The authorisation reversed the authorisation to purchase the company's own shares issued by the Annual General Meeting on March 18, 2014.

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

The share issue authorisation also includes the Board of Director's authorisation to decide on the transfer of a maximum of 12,400,000 treasury shares irrespective of the purpose for which the treasury shares originally were acquired.

The authorisation is valid until March 31, 2016.

Organisation of the Board of Directors

YIT Corporation's Board of Directors held its organizational meeting on March 18, 2015. In the meeting the Board decided on the composition of the Personnel Committee and the Audit Committee.

From among its number, the Board elected Reino Hanhinen as chairman and Kim Gran and Erkki Järvinen as members of the Personnel Committee. From among its number, the Board elected Teuvo Salminen as chairman and Satu Huber and Juhani Pitkäkoski as members of the Audit Committee.

Recommendation 26 (Independence of the members of the audit committee) of the Finnish Corporate Governance Code was deviated from in the election of the members of the company's Audit Committee, when Juhani Pitkäkoski, who is not independent of the company, was elected as a member of the Audit Committee. Pitkäkoski was elected as a member of the Audit Committee due to his extensive knowledge of the company's business and finances as well as management, supervision and control systems as the company's former CEO.

Organisational changes and changes in company management

As of January 1, 2015 The Group Management Board comprised of:

- Kari Kauniskangas, Chairman, President and CEO of YIT Corporation
- Tero Kiviniemi, Vice Chairman, YIT Corporation's Executive Vice President, Head of Business Premises and Infrastructure segment
- Timo Lehtinen, Chief Financial Officer
- Antti Inkilä, Head of Housing Finland and CEE segment
- Teemu Helppolainen, Head of Housing Russia segment
- Juhani Nummi, Senior Vice President, Business Development
- Pii Raulo, Senior Vice President, Human Resources

In addition to the members of the Management Board, the Extended Management Board also included, as of January 1, 2015:

- Kari Alavillamo, Head of Business Premises division
- Jouni Forsman, Head of Infra Services division
- Harri Isoviita, Head of Residential Construction division
- Pavel Kocherezhkin, General Director of YIT Moskovia (until October 13, 2015)
- Matti Koskela, Head of Building Construction division
- Timo Lehmus, Head of Real Estate Development division
- Tom Sandvik, Head of The Baltic Countries and CEE division
- Mikhail Voziyanov, General Director of YIT Saint Petersburg

During the year, the composition of the Group Management Board was unchanged. As of the beginning of 2016, the segment management boards take the role of the extended management board.

In 2015 YIT reorganised its Russian operations to better match the changed demand situation. The division structure of YIT's Russian operations was revised. As of January 1, 2016, the divisions are St. Petersburg, Moscow (City and region) and Russian regions (Kazan, Rostov-on-Don, Tyumen and Yekaterinburg). Part of the support functions are centralised to serve all divisions. In addition, a separate YIT Service Russia business unit was established to better exploit the opportunities in serving the over 20,000 customers. The business unit is responsible for the maintenance of the delivered YIT projects in all operating cities. In connection to the reorganisation, YIT targets to reduce fixed costs related to the Russian operations to match the decrease in sales and the production volume.

Corporate Governance Statement

YIT has prepared a separate Corporate Governance Statement for 2015 in accordance with the recommendation of the Finnish Corporate Governance Code. The statement is published on our website.

Personnel

Personnel by business segment	12/15	12/14	Change
Housing Finland and CEE	1,719	1,783	-4%
Housing Russia	1,582	1,980	-20%
Business Premises and Infrastructure	1,744	1,814	-4%
Group Services	295	304	-3%
Personnel by country	**12/15**	**12/14**	**Change**
Finland	3,104	3,210	-3%
Russia	1,569	1,963	-20%
The CEE countries	667	708	-6%
Group, total	**5,340**	**5,881**	**-9%**

In 2015, the Group employed 5,613 people on average (1–12/14: 6,116). Personnel expenses totalled EUR 244.0 million (1–12/14: EUR 264.3 million). The cost effect of YIT's share-based incentive scheme was approximately EUR 2.1 million (1–12/14: EUR 1.3 million).

Personnel-related focus areas in 2015 included leadership and managerial work, internal job rotation, occupational safety, well-being at work, project management, quality, customer experience, new information systems and the management of trainees.

Extensive training programmes were carried out in relation to these themes, and the feedback regarding the training was excellent. Job rotation was implemented for more than 70 employees, while trainee and thesis writing positions in 2015 totalled nearly 700. At the end of the year YIT also launched a pilot to give comprehensive school pupils who are in the familiarisation with working life (TET) period at elementary school the opportunity to form a broad view of the construction industry under the YIT Junior concept.

Key indicators illustrating the employee satisfaction and well-being of the Group's entire personnel increased further from the previous year, according to the personnel survey conducted in February. The leadership index was 82% (2014: 79%) and the engagement index was 83% (2014: 82%).

YIT's determined efforts to improve occupational safety produced results during the year as the accident frequency (number of accidents per one million working hours) decreased to 10 (1–12/14: 12). The number of sick days resulting from accidents fell by approximately 40% year-on-year. These positive developments were, however, shadowed by two fatal accidents at the company's construction sites in Finland and Russia. The tragic accidents led to immediate further specifications regarding operating methods, extensive discussion events as well as work stoppages at construction sites to increase awareness among personnel.

In well-being at work, progress has been in line with the action plan, with a particular focus on the prevention of symptoms arising from musculoskeletal disorders, activities aimed at promoting and maintaining the ability to work, as well as the development of supervisors' management of well-being at work. Absences resulting from musculoskeletal disorders declined by approximately one day per employee in 2015. Video consultations with doctors were piloted in Finland.

In 2015, YIT rewarded employees for good performance by performance-based bonuses as well as a long-term share-based incentive scheme. Other monetary rewards used included Generator bonuses for new ideas and initiatives, as well as years-of-service bonuses. The aim of remuneration systems is not only to reward good performance, but also to increase the personnel's motivation and commit the company's management and employees to the company's objectives in the long term.

Corporate social responsibility

The key premise and objective of YIT's approach to responsibility is to create added value for all stakeholders through the company's core business. Termed Sustainable urban environments, this approach is focused on creating ecologically, socially and economically sustainable urban environments that also allow YIT to utilise its diverse expertise.

In 2015, the company focused particularly on the practical implementation of the new approach, as well as internal and external communication. The most comprehensive example of the approach is the Tripla project in Central Pasila, where a complex served by excellent public transport connections will combine housing, jobs, commercial services and a hotel.

In the Merrasjärvi district in Lahti, YIT was involved in Finland's first-ever competition to develop an area art concept. The participants were tasked with developing a concept or model for utilising art in the residential area in question. The competition was conducted pursuant to the rules of the Artists' Association of Finland and involved professional judges.

With regard to ecological sustainability, a particularly demanding challenge is related to the E18 motorway construction project and the conservation of a rare population of brown trout in the area, where the release of sulphide clay into the waters could cause significant damage to the protected population.

YIT has continued to develop its responsibility reporting towards integrated reporting, with an increasingly clear focus on issues that are essential to stakeholders.

Strategic objectives and the outcome in 2015

YIT published its updated strategic focus areas on September 16, 2015. Reaching the targeted net debt level ahead of schedule allows a gradual shift of focus back to profitability and investing in growth initiatives. As one of the growth initiatives, YIT established a new unit in Warsaw to tap into the opportunities in Poland. Work to improve capital efficiency continues enabling in its part financing of the growth.

The Board of Directors also decided to revise YIT's long-term return on investment (ROI) target to 15% from the earlier 20% due to lower weight of Russia in invested capital and future capital allocation. Other long-term financial targets remain unchanged. Separate short-term targets were abandoned after reaching the net debt target.

YIT's strategy and financial targets were described at YIT's Capital Markets Day on September 24, 2015, in Helsinki, Finland. The presentation materials and recordings from the Capital Markets Day are available on our website.

Long-term financial targets	Target level	Outcome 2015
Revenue growth	5–10% annually on average	-8% (-3%[1])
Return on investment	15%	5.3%
Operating cash flow after investments	Sufficient for dividend payout and reduction of debt	EUR 183.7 million
Equity ratio	40%	35.5%
Dividend payout	40–60% of net profit for the period	137.8%[2]

The target levels are based on segment reporting method (POC).
[1] At comparable exchange rates
[2] The Board of Directors' proposal to Annual General Meeting

Most significant short-term business risks

The general economic development, functioning of the financial markets and the political environment in YIT's operating countries have a significant impact on the company's business. Negative development in consumers' purchasing power, consumer or business confidence, the availability of financing or interest rates would likely weaken the demand for YIT's products and services. A drop in residential prices or an increase in investors' yield requirements would pose a risk for the profitability of the company, should these factors materialise.

At the moment, there is significant uncertainty related to the economic development of Russia in particular. The volatility of the oil price and the ruble, geopolitical tensions and high inflation may further weaken the demand for apartments due to a weakening in purchasing power and consumer confidence. Uncertainty about the continuation of the government mortgage interest subsidy program makes it difficult to predict the development of the mortgage market. Declining purchasing power and uncertainty related to the mortgage market mean there is also a risk that residential prices will decrease.

In 2015, Finland accounted for 73% of the company's revenue, which highlights the significance of Finland's economic development for YIT's business. If it persists, the weakness of the Finnish economy and the indebtedness of the public sector may further weaken consumers' purchasing power and general confidence, which would have a negative impact on the demand for apartments and business premises. A persistent increase of public sector debt could also make it more difficult to finance infrastructure investments. Investors have played an exceptionally central role in YIT's Finnish business in recent years. An increase in interest rates or weakening in tenant demand on the business premises or residential market could lead to a significant decrease in investor demand.

Ensuring competitive products and services corresponding to customer demand is critical for YIT's business. Changes in customer preferences and in the offerings of competitors present risks related to the demand for the company's products and services. In Finland, the availability of the resources needed for growing the production volume might prevent increasing the production as planned. Competitors' need for resources also presents a risk of losing key personnel and expertise.

Most of the company's business is project business, meaning that successful project management plays an integral role in ensuring the company's profit. The most significant project management risks are related to factors such as pricing, planning, scheduling, cost management and, in the company's self-developed business, also the management of sales risk. YIT's major business premises and infrastructure projects in Finland, such as the Tripla project in Central Pasila and the E18 Hamina-Vaalimaa motorway, make up a significant share of the company's expected revenue in coming years, meaning that successful project management in the projects is integral.

Changes in legislation and authorities' permit processes may slow down the progress of projects or prevent them from being realised. There are uncertainty factors related to authorities' actions, permit processes and their efficiency particularly in Russia and the CEE countries.

One of YIT's strategic focus areas is improving capital efficiency, and targets pertaining to the release of capital have been set accordingly. Measures to release capital in a challenging market situation involve the risk of financial losses.

The most significant financial risks are the risks related to foreign exchange rate development and the availability of financing. The Group's most significant currency risk is related to ruble-denominated investments. Further information can be found in the Capital structure and liquidity position section. More information on financial risks and their management is provided in Note 30 to the financial statements. More information on the company's risks and risk management is provided on page 36.

Shares and shareholders

The company has one series of shares. Each share carries one vote and confers an equal right to a dividend.

Share capital and number of shares

YIT Corporation's share capital and the number of shares outstanding did not change during the review period. YIT Corporation's share capital was EUR 149,216,748.22 in the end of 2015 (2014: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2014: 127,223,422).

Treasury shares and authorisations of the Board of Directors

The Annual General Meeting of YIT Corporation resolved on March 18, 2015, to authorise the Board of Directors to decide on the repurchase of company shares and share issues as proposed by the Board of Directors. The authorisation is valid until March 31, 2016. The share issue authorisation also includes an authorisation to decide on the conveyance of treasury shares.

YIT Corporation held 1,639,430 treasury shares at the beginning of the review period. During the review period, 5,151 shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme, after which the company held 1,644,581 treasury shares at the end of December.

Trading on shares

The price of YIT's share was EUR 4.30 at the beginning of the year. The closing price of the share on the last trading day of the review period on December 30, 2015, was EUR 5.24. YIT's share price increased by approximately 22% during the review period. The highest price of the share during the review period was EUR 7.21, the lowest EUR 4.26 and the average price was EUR 5.65. Share turnover on Nasdaq Helsinki during the review period was approximately 157.9 million (1–12/14: 144.3 million) shares. The value of the share turnover was approximately EUR 883.8 million (1–12/14: EUR 1,029.2 million).

During the review period, approximately 98.1 million (1–12/14: 99.6 million) YIT Corporation shares changed hands in alternative market places, corresponding to approximately 38% (1–12/14: 41%) of the total share trade, source: Fidessa Fragmentation Index.

YIT Corporation's market capitalisation on the last trading day December 30, 2015 was EUR 658.0 million (December 30, 2014: EUR 536.2 million). The market capitalisation has been calculated excluding the shares held by the company.

Number of shareholders and flagging notifications

At the end of 2015, the number of registered shareholders was 41,944 (12/14: 44,312). At the end of the year, a total of 26.3% of the shares were owned by nominee-registered and non-Finnish investors (12/14: 29.3%).

On March 12, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of the mutual funds managed by BlackRock, Inc. in YIT had exceeded the threshold of 5 per cent.

On March 19, 2015, the company received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of the mutual funds managed by BlackRock, Inc. in YIT had gone below the threshold of 5 per cent.

On April 30, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Structor S.A. in YIT had gone below the threshold of 10 per cent.

On November 11, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Polaris Capital Management, LLC in YIT had exceeded the threshold of 5 per cent.

On December 14, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Polaris Capital Management, LLC in YIT had gone below the threshold of 5 per cent.

On December 17, 2015, YIT received an announcement under Chapter 9, Section 5 of the Securities Markets Act, according to which the holding of Polaris Capital Management, LLC in YIT had exceeded the threshold of 5 per cent.

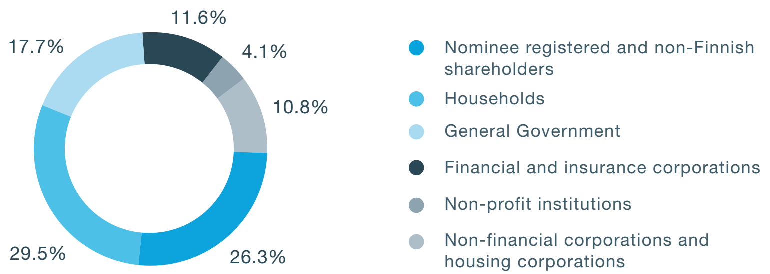
Major shareholders, December 31, 2015

	Shareholder	Shares	% of shares and voting rights
1	Varma Mutual Pension Insurance Company	12,000,000	9.43%
2	Structor S.A.	6,620,000	5.20%
3	Herlin Antti	4,710,180	3.70%
4	Mandatum Life Insurance Company Ltd.	4,286,675	3.37%
5	OP funds	3,862,295	3.04%
6	Elo Mutual Pension Insurance Company	3,335,468	2.62%
7	The State Pension Fund	2,500,000	1.97%
8	Danske Invest funds	1,778,249	1.40%
9	Etera Mutual Pension Insurance Company	1,700,000	1.34%
10	YIT Corporation	1,644,581	1.29%
11	Kaleva Mutual Insurance Company	1,134,000	0.89%
12	Nordea funds	1,075,209	0.85%
13	Ilmarinen Mutual Pension Insurance Company	887,573	0.70%
14	The Local Government Pensions Institution	870,717	0.68%
15	Brotherus Ilkka Johannes	844,740	0.66%
	15 largest shareholders total	47,249,687	37.14%
	Nominee registered	25,417,881	19.98%
	Other shareholders	54,555,854	42.88%
	Total	**127,223,422**	**100.00%**

Ownership by number of shares held, December 31, 2015

Number of shares	Shareholders	%	Shares	%
1–100	10,231	24.39%	644,813	0.51%
101–500	16,688	39.79%	4,739,994	3.73%
501–1,000	6,804	16.22%	5,461,135	4.29%
1,001–5,000	6,809	16.23%	15,300,160	12.03%
5,001–10,000	800	1.91%	5,789,296	4.55%
10,001–50,000	477	1.14%	9,501,472	7.47%
50,001–100,000	65	0.16%	4,474,754	3.52%
100,001–500,000	44	0.11%	8,821,525	6.93%
500,001–	26	0.06%	72,490,273	56.98%
Total	**41,944**	**100.00%**	**127,223,422**	**100.00%**

Ownership by sector, December 31, 2015



Board of Directors' and management's shareholding, December 31, 2015

	Number of shares	% of share capital
Board of Directors	171,850	0.14%
President and CEO	17,624	0.01%
Deputy to the President and CEO	10,692	0.01%
The Group's Management Board excluding the President and CEO and his deputy	22,901	0.02%
Total	**223,067**	**0.18%**

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

Other important events during the review period

YIT specified its guidance in connection with the January-September Interim Report published on October 29, 2015. According to the specified guidance, the Group revenue was estimated to be in the range of -5–0% at comparable exchange rates. The earlier guidance estimated the Group revenue to be in the range of -5 and 5% at comparable exchange rates. According to the specified guidance, the operating profit margin excluding non-recurring items was estimated to be in the range of 4–5%. The earlier guidance estimated the operating profit margin to be below the level of 2015.

Events after the review period

In January, residential sales to consumers were around 70 units in Finland (1/15: around 80), around 50 units in the CEE countries (1/15: around 40) and around 200 units in Russia (1/15: around 370). In Russia, the sales in the comparison period were exceptionally strong.

Outlook for 2016

Guidance (segment reporting, POC)

The Group revenue growth is estimated to be in the range of 0–10% at comparable exchange rates.

The adjusted operating profit* is estimated to grow from the level of 2015 (2015: EUR 76.0 million).

In addition to the market outlook, the 2016 guidance is based on the following factors: At the end of 2015, 49% of YIT's order backlog was sold. Projects already sold and signed pre-agreements are estimated to contribute around half of the 2016 revenue, assuming that large projects such as Tripla progress as planned. The rest of the revenue estimate is based on estimated new sales during 2016 and capital release actions.

In Business Premises and Infrastructure, the growing volume and the improved margin content of the order backlog are estimated to support the segment's adjusted operating profit. The demanding market situation in Russia is expected to keep the profitability of Housing Russia on a low level. Similarly to the year 2015, the investor projects' share of revenue is estimated to remain high in Housing Finland and CEE, which will impact the segment's adjusted operating profit margin negatively. The execution of the capital release program started in autumn 2013 will continue actively in 2016, and the capital release actions are expected to have a negative effect on the adjusted operating profit margin.

In 2016, the first quarter is estimated to be the weakest quarter in terms of the adjusted operating profit.

Market outlook

FINLAND

In Finland, the macroeconomic uncertainty is estimated to affect the residential and business premises markets also in 2016.

Consumer demand is estimated to remain stable and consumers to be cautious in their purchase decisions. However, the demand for small apartments in growth centres is estimated to remain good. Residential price development is estimated to be polarized especially between small and large apartments. Access to mortgage financing is estimated to remain good. The investor activity is estimated remain on a good level but even more focus will be paid on the location.

In Finland, the tenants' demand for business premises is estimated to remain modest. The real estate investors' activity is expected to remain on a good level with focus on prime locations in

* The adjusted operating profit does not include material reorganisation costs or impairment.

the capital region. Business premises contracting is estimated to pick up slightly. Infrastructure market is expected to remain stable.

RUSSIA

The visibility is weak in Russia and economic uncertainty is estimated to continue to have a negative impact also on the residential market. The construction costs are estimated to increase, while nominal residential prices are estimated to remain stable. The demand is estimated to focus especially on small apartments that are either close to completion or completed.

There is uncertainty regarding the mortgage market due to the unpredictable future of the government mortgage subsidy program.

THE CEE COUNTRIES

In the CEE countries, the demand in the residential and business premises markets is expected to be supported by the improved economic situation. Residential prices are estimated to increase in the Czech Republic, Slovakia and Lithuania, and to remain stable in Poland, Estonia and Latvia. Access to mortgage financing is expected to remain good and interest rates to remain on a low level.

Board of Directors' proposal for the distribution of distributable equity

The parent company's distributable equity on December 31, 2015 was EUR 303,743,378.12, of which the net profit for the financial year was EUR 4,480,908.50.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.22 per share be paid, resulting in a total amount of proposed dividends of EUR 27,627,345.02. After the distribution of dividends, the remaining profits will be left in the company's distributable assets.

No significant changes have taken place in the company's financial position after the end of the financial year.

The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company's solvency.

Annual General Meeting 2016

YIT Corporation's Annual General Meeting 2016 will be held on Tuesday, March 15, 2016 starting at 10 a.m. in the congress wing of Finlandia Hall, Helsinki.

The notice of the General Meeting, which contains the Board of Directors' proposals to the Annual General Meeting, was published in its entirety as a separate stock exchange release on February 5, 2016.

Key figures based on group reporting (IFRS)

The Building Services segment was transferred to Caverion Corporation in the partial demerger of June 2013 and the comparison figures for 2013 in the report concern continuing operations.

Income statement summary, EUR million	2015	2014	2013
Revenue	1,732.3	1,778.6	1,743.0
Operating profit	81.6	94.8	104.0
Operating profit margin, %	4.7%	5.3%	6.0%
Profit before taxes	61.3	74.3	95.0
Profit for the review period	47.2	55.8	70.2
Attributable to equity holders of the parent company	47.2	55.9	70.3
Attributable to minority interest	0.0	-0.1	-0.1

Other key figures	2015	2014	2013
Operating cash flow after investments, EUR million	183.7	151.9	-87.9
Return on equity, % (2013 non-IFRS)	9.0%	9.1%	9.6%
Return on investment, % (2013 non-IFRS)	6.4%	6.4%	7.0%
Equity ratio, %	32.9%	29.2%	34.3%
Net interest-bearing debt, EUR million	529.0	696.0	781.7
Gearing ratio, %	101.1%	129.9%	112.0%
Net debt / EBITDA	4.6	5.7	5.8
Gross capital expenditure on non-current assets, EUR million	12.0	13.9	20.2
% of revenue	0.7%	0.8%	1.2%
Research and development expenditure, EUR million	15.8	14.5	15.0
% of revenue	0.9%	0.8%	0.9%
Order backlog at end of period, EUR million	2,467.3	2,507.1	3,184.6
Number of personnel at Dec 31	5,340	5,881	6,172
Number of personnel on average during the year	5,613	6,116	6,575

Share-related key figures	2015	2014	2013
Earnings/share, EUR	0.38	0.44	0.56
Earnings/share, diluted, EUR	0.37	0.44	0.56
Equity/share, EUR	4.16	4.26	5.56
Dividend/share, EUR	0.22*	0.18	0.38
Dividend/earnings, %	58.5%*	40.9%	67.9%
Effective dividend yield, %	4.2%*	4.2%	3.7%
Price/earnings ratio (P/E)	13.9	9.7	18.1

* Board of Directors' proposal to the Annual General Meeting

Share price trend	2015	2014	2013
Average price, EUR	5.65	7.35	13.01*
Low, EUR	4.26	4.17	8.67
High, EUR	7.21	10.70	17.88*
Closing price at Dec 31, EUR	5.24	4.27	10.16
Market capitalisation at Dec 31, EUR million	658.0	536.2	1,276.0

* Includes the Building Services Business

Share turnover trend	2015	2014	2013
Share turnover, thousands	157,857	144,276	111,193
Share turnover, % of shares outstanding	125.7%	114.9%	88.6%
Weighted average share issue-adjusted number of shares outstanding, thousands	125,582	125,587	125,529
Weighted average share issue-adjusted number of shares outstanding, diluted, thousands	126,773	126,237	125,529
Share issue-adjusted number of shares outstanding at Dec 31, thousands	125,579	125,584	125,590

Key figures based on segment reporting (POC)

Income statement summary, EUR million	2015	2014	2013
Revenue	1,651.2	1,801.2	1,858.8
Operating profit	65.7	114.0	152.8
Operating profit margin, %	4.0%	6.3%	8.2%
Profit before taxes	27.0	75.0	122.8
Profit for the review period*	20.0	56.6	93.9

* Attributable to equity holders of the parent company

Other key figures	2015	2014	2013
Operating cash flow after investments, EUR million	183.7	151.9	-87.9
Return on equity, %	3.6%	8.3%	11.8%
Return on investment, %	5.3%	7.7%	10.3%
Equity ratio, %	35.5%	32.4%	37.8%
Net interest-bearing debt, EUR million	460.8	616.6	707.6
Gearing ratio, %	84.0%	105.0%	91.3%
Net debt / EBITDA	5.9	4.9	4.2
Gross capital expenditure on non-current assets, EUR million	12.0	13.9	20.2
% of revenue	0.7%	0.8%	1.1%
Research and development expenditure, EUR million	15.8	14.5	15.0
% of revenue	1.0%	0.8%	0.8%
Order backlog, Dec 31, EUR million	2,172.9	2,125.9	2,713.7

Share-related key figures	2015	2014	2013
Earnings per share, EUR	0.16	0.45	0.75
Dividend per share, EUR	0.22*	0.18	0.38
Dividend per earnings, %	137.8%*	40.0%	50.7%

* Board of Directors' proposal to the Annual General Meeting

Formulas for the key figures

Key figure	Numerator	Denominator
Return on investment (ROI, %) =	Group's profit before taxes + interest expenses + other financial expenses +/- exchange rate differences x 100	Balance sheet total - non-interest bearing liabilities (average)
Return on operative invested capital (%) =	Segment's operating profit	Segment's operative invested capital (average)
Return on equity (%) =	Net profit for the financial year x 100	Shareholders' equity + non-controlling interest (on average)
Equity ratio (%) =	Equity + non-controlling interest x 100	Balance sheet total - advances received
Gearing ratio (%) =	Interest-bearing liabilities - cash and cash equivalents x 100	Shareholders' equity + non-controlling interest
Net debt/Operating profit before depreciation and impairment	Interest-bearing liabilities – liquid financial assets	Operating profit before depreciation and impairment + interest expenses included in operating profit
Share issue-adjusted earnings per share (EUR) =	Net profit for the financial year (attributable to equity holders)	Share issue-adjusted average number of outstanding shares during the period
Equity/share (EUR) =	Shareholders' equity	Share issue-adjusted number of outstanding shares on December 31
Share issue-adjusted dividend per share (EUR) =	Dividend per share for the financial period	Adjustment ratios of share issues during the period and afterwards
Dividend/earnings (%) =	Dividend per share x 100	Earnings per share
Effective dividend yield (%) =	Share issue-adjusted dividend per share x 100	Share issue-adjusted share price on December 31
Price per earnings ratio (P/E ratio) =	Share issue-adjusted share price on December 31	Share issue-adjusted earnings per share
Share turnover (%) =	Number of shares traded x 100	Average number of outstanding shares

Segment's operative invested capital (EUR million) = Tangible and intangible assets + goodwill + shares in associated companies and joint ventures + investments + inventories + trade receivables + other non-interest bearing operational receivables* - provisions - trade payables - advances received - other non-interest bearing liabilities*

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

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

Adjusted operating profit / Operating profit excluding non-recurring items = Reported operating profit – Provisions made on the basis of statutory personnel negotiations and adaptation measures – impairment of assets – other non-recurring items [1]

[1] More detailed definition is described in the accounting principles for the Financial Statements.

YIT Corporation Financial statement 2015

Consolidated financial statements, IFRS

Consolidated income statement, IFRS

EUR million	Note	2015	2014
Revenue	**2, 4, 5**	**1,732.2**	**1,778.6**
Other operating income	6	16.0	14.4
Change in inventories of finished goods and in work in		-116.7	14.1
Production for own use		0.6	2.1
Materials and supplies		-233.5	-318.4
External services		-774.9	-856.3
Personnel expenses	9	-244.0	-264.3
Other operating expenses	7, 10	-286.0	-263.1
Share of results in associated companies	16	0.0	0.3
Depreciation, amortisation and impairment	8	-12.1	-12.6
Operating profit		**81.6**	**94.8**
Financial income		1.5	0.7
Exchange rate differences (net)		-7.5	-6.0
Financial expenses		-14.3	-15.1
Financial income and expenses, total	11	-20.3	-20.5
Profit before taxes		**61.3**	**74.3**
Income taxes	12	-14.0	-18.5
Net profit for the financial year		**47.2**	**55.8**
Attributable to			
Equity holders of the company		47.2	55.9
Non-controlling interests		0.0	-0.1
Earnings per share for profit attributable to the equity holders of the Company during the financial year:			
Undiluted, EUR	13	0.38	0.44
Diluted, EUR		0.37	0.44

Statement of comprehensive income, IFRS

EUR million	Note	2015	2014
Profit for the financial year		**47.2**	**55.8**
Items that may be subsequently recognised through profit or loss:			
Cash flow hedging	30	0.2	0.4
- Deferred tax		-0.0	-0.1
Change in fair value of available-for-sale assets	17	0.0	-0.0
- Deferred tax		-0.0	0.0
Change in translation differences		-32.9	-163.9
Other change			0.2
Items that may be reclassified subsequently to the statement of income, total		-32.7	-163.4
Items that will not be reclassified to the statement of income:			
Change in fair value of defined benefit pension	24	-0.0	-0.2
- Deferred tax		0.0	0.0
Items that will not be reclassified to the statement of income, total		-0.0	-0.2
Other comprehensive income, total		**-32.7**	**-163.5**
Total comprehensive income		**14.5**	**-107.7**
Attributable to			
Equity holders of the company		14.5	-107.7
Non-controlling interests		0.0	-0.1

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

Consolidated balance sheet, IFRS

EUR million	Note	2015	2014
Assets			
Non-current assets			
Tangible assets	14	47.3	55.4
Goodwill	15	10.9	10.9
Other intangible assets	15	14.1	11.3
Investments in associated companies and joint ventures	16	0.7	0.8
Available-for-sale financial assets	17	0.4	0.8
Receivables	18	3.7	2.9
Deferred tax receivables	19	40.5	41.6
Total non-current assets		117.7	123.7
Current assets			
Inventories	20	1,528.4	1,682.6
Trade and other receivables	3, 21	187.6	216.8
Tax receivables		10.7	10.8
Cash and cash equivalents	22	122.2	199.4
Total current assets		1,848.9	2,109.7
Total assets		**1,966.6**	**2,233.4**

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

EUR million	Note	2015	2014
Equity and liabilities			
Equity attributable to the equity holders of the Company	23		
Share capital		149.2	149.2
Legal reserve		1.5	1.5
Other reserves			-0.1
Treasury shares		-8.3	-8.3
Translation differences		-260.2	-227.3
Fair value reserve		-0.7	-0.8
Retained earnings		641.4	616.1
Total equity attributable to the equity holders of the Company		523.0	530.3
Non-controlling interest		0.1	0.3
Total equity		**523.1**	**530.6**
Non-current liabilities			
Deferred tax liabilities	19	18.5	15.6
Pension obligations	24	0.9	0.9
Provisions	25	40.8	40.6
Borrowings	26	266.1	275.2
Other liabilities	27	10.4	22.9
Total non-current liabilities		336.7	355.2
Current liabilities			
Trade and other liabilities	27	700.3	704.8
Income tax liabilities		1.3	2.4
Provisions	25	20.2	20.2
Borrowings	26	385.1	620.2
Total current liabilities		1,106.8	1,347.6
Total liabilities		**1,443.5**	**1,702.8**
Total equity and liabilities		**1,966.6**	**2,233.4**

Consolidated cash flow statement, IFRS

EUR million	Note	2015	2014
Cash flow from operating activities			
Net profit for the financial year		47.2	55.8
Adjustments for:			
Depreciation, amortisation and impairment		12.1	12.6
Other non-cash transactions		23.4	20.2
Financial income and expenses		20.3	20.5
Gains on the sale of tangible and intangible assets		-0.8	-1.2
Taxes		14.0	18.5
Total adjustments		69.1	70.7
Change in working capital:			
Change in trade and other receivables		23.7	30.6
Change in inventories		91.4	17.0
Change in trade and other payables		11.0	-10.2
Total change in working capital		126.2	37.4
Interest paid		-35.9	-28.7
Other financial items, net		-1.7	29.4
Interest received		1.5	0.7
Dividends received		0.2	0.0
Taxes paid		-10.9	-5.8
Continuing operations, total		195.7	159.5
Discontinued operations		-1.3	-4.7
Net cash used in operating activities		**194.4**	**154.8**

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

EUR million	Note	2015	2014
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash acquired	3	-6.2	-0.5
Purchases of property, plant and equipment	14	-6.6	-6.4
Purchases of intangible assets	15	-4.9	-5.4
Acquisition of associated companies and joint ventures	16	-0.1	
Proceeds from sale of tangible and intangible assets		5.4	4.6
Proceeds from sale of available-for-sale financial assets		0.4	0.0
Continuing operations, total		-12.1	-7.6
Discontinued operations			
Net cash used in investing activities		**-12.1**	**-7.6**
Operating cash flow after investments		**182.3**	**147.2**
Cash flow from financing activities			
Proceeds from borrowings	26	125.0	177.4
Repayment of borrowings	26	-203.9	-109.8
Change in loan receivables		2.6	5.0
Change in current borrowings, net	26	-160.5	-32.1
Payments of financial leasing debts		-0.1	-0.3
Dividends paid and other distribution of assets		-22.6	-47.7
Continuing operations, total		-259.5	-7.5
Discontinued operations			
Net cash used in financing activities		**-259.5**	**-7.5**
Net change in cash and cash equivalents		**-77.1**	**139.7**
Cash and cash equivalents at the beginning of the financial year		199.4	76.3
Foreign exchange rate effect on cash and cash equivalents		-0.1	-16.8
Cash and cash equivalents at end of period	22	122.2	199.4

Consolidated statement of changes in equity, IFRS

		Equity attributable to equity holders of the parent company									
EUR million	Note	Share capital	Legal reserve	Other reserve	Translation difference	Fair value reserve	Treasury share	Retained earnings	Total	Non-controlling interest	Equity, total
Equity on January 1, 2014		**149.2**	**1.5**	**0.0**	**-63.5**	**-1.2**	**-8.2**	**614.9**	**692.7**	**0.4**	**693.1**
Correction of prior financial period error								-8.0	-8.0		-8.0
Adjusted equity on January 1, 2014		**149.2**	**1.5**	**0.0**	**-63.5**	**-1.2**	**-8.2**	**606.9**	**684.7**	**0.4**	**685.1**
Comprehensive income											
Profit for the financial year								55.9	55.9	-0.1	55.8
Other comprehensive income:											
Cash flow hedges	30					0.4			0.4		0.4
- Deferred tax						-0.1			-0.1		-0.1
Change in fair value of available for sale investments	17					-0.0			-0.0		-0.0
- Deferred tax						0.0			0.0		0.0
Change in fair value of defined benefit pension	24							-0.2	-0.2		-0.2
- Deferred tax								0.0	0.0		0.0
Translation differences					-163.9				-163.9		-163.9
Other differences								0.2	0.2		0.2
Comprehensive income, total					**-163.9**	**0.3**		**55.9**	**-107.7**	**-0.1**	**-107.7**
Transactions with owners											
Dividend distribution								-47.7	-47.7		-47.7
Share-based incentive schemes	23			-0.1			0.0	1.1	1.0		1.0
Transactions with owners, total				**-0.1**			**0.0**	**-46.6**	**-46.8**		**-46.8**
Equity on December 31, 2014		**149.2**	**1.5**	**-0.1**	**-227.3**	**-0.8**	**-8.3**	**616.1**	**530.3**	**0.3**	**530.6**

A corrrection of erroneous information reported for previous financial periods was made in 2015. In accordance with retrospective accounting for errors pursuant to standard IAS 8, the overvaluation of work-in-progress inventory resulting from the error has been corrected in the opening equity for 2014. The effect of correctiong the error retrospectively in the opening equity on the balance sheet for 2014 was as follows: equity EUR -8.0 million, inventory EUR -10.0 million and deferred tax asset EUR +2.0 million. The correction of the error affected the figures shown for the comparison period in the following notes to the consolidated financial statements: Note 2 Segment information, Note 19 Deferred tax receivables and liabilities, and Note 20 Inventories. The effect of the correction on equity in the closing balance sheet for the year 2014, taking exchange rate changes into account, was EUR 5.0 million, and its effect on equity in the closing balance sheet for the year 2015 was EUR 4.5 million.

		Equity attributable to equity holders of the parent company									
EUR million	Note	Share capital	Legal reserve	Other reserve	Translation difference	Fair value reserve	Treasury share	Retained earnings	Total	Non-controlling interest	Equity, total
Equity on January 1, 2015		**149.2**	**1.5**	**-0.1**	**-227.3**	**-0.8**	**-8.3**	**616.1**	**530.3**	**0.3**	**530.6**
Comprehensive income											
Profit for the financial year								47.2	47.2	0.0	47.2
Other comprehensive income:											
Cash flow hedges	30					0.2			0.2		0.2
- Deferred tax						-0.0			-0.0		-0.0
Change in fair value of available for sale investments	17					0.0			0.0		0.0
- Deferred tax						-0.0			-0.0		-0.0
Change in fair value of defined benefit pension	24							-0.0	-0.0		-0.0
- Deferred tax								0.0	0.0		0.0
Translation differences					-32.9				-32.9		-32.9
Comprehensive income, total					**-32.9**	**0.2**		**47.2**	**14.5**	**0.0**	**14.5**
Transactions with owners											
Dividend distribution								-22.6	-22.6		-22.6
Share-based incentive schemes	23			0.1			-0.0	1.2	1.2		1.2
Transactions with owners, total				**0.1**			**-0.0**	**-21.5**	**-21.4**		**-21.4**
Changes in ownership shares in subsidiaries											
Change in non-controlling interest								-0.4	-0.4	-0.3	-0.7
Changes in ownership shares in subsidiaries, total								**-0.4**	**-0.4**	**-0.3**	**-0.7**
Equity on December 31, 2015		**149.2**	**1.5**		**-260.2**	**-0.7**	**-8.3**	**641.4**	**523.0**	**0.1**	**523.1**

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

Notes to the consolidated financial statements, IFRS

1. Accounting principles of the financial statement

General information

YIT Group provides services for the construction sector. The services provided by the Group companies include construction services for the industrial and public sectors, residential construction services for consumers and road maintenance services in Finland. Furthermore, in Russia the Group provides after-sales service and maintenance for consumer customers' new homes. The market areas are Finland, Russia, the Baltic countries, the Czech Republic, Slovakia and Poland. The Group has three segments: Housing Finland and CEE, Housing Russia and Business Premises and Infrastructure.

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 these consolidated financial statements for publication in its meeting held on February 4, 2016. In accordance with the Finnish Companies Act, shareholders may approve or reject the financial statements in an Annual General Meeting held after their release. The General Meeting also has the right to pass a resolution on changing the financial statements.

Summary of significant accounting policies

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). All of the IAS/IFRS standards and SIC/IFRIC interpretations approved by the EU Commission by December 31, 2015 have been complied with. International Financial Reporting Standards refer to the Finnish Accounting Act and related legal code based on EU regulation 1606/2002 concerning the adoption of IFRS standards and interpretations in the EU. The notes to the consolidated financial statements also comply with the Finnish GAAP and the Companies Act that complement the IFRS standards. The figures in the financial statements are presented in thousands of euro. In the Annual Report the figures are presented in million euros doing the roundings on each line, which may cause some rounding inaccuracies in column and total sums.

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

In the 2015 financial statements, an error pertaining to previous financial periods was corrected. The error was due to the incorrect processing of area costs in the project reporting of on of YIT's Russian subsidiaries. In accordance with retrospective accounting for errors pursuant to IAS 8, the overvaluation of work-in-progress inventory resulting from the error has been corrected in the opening equity on the balance sheet for 2014 and was as follows: work-in-progress inventory EUR -10.0 million, deferred tax assets EUR +2.0 million, and equity EUR -8.0 million. The error did not have any effect on the result for 2014 and 2015, nor did it have any cash flow effect. Correcting the error has only a minor effect on the key figures for previous periods presented in the financial statements dated December 31, 2015, and they have therefore not been adjusted.

APPLICATION OF REVISED STANDARDS AND INTERPRETATIONS AS FROM JANUARY 1, 2015

The consolidated financial statements have been prepared according to the same accounting principles as in 2014, with the exception of the following new standards, interpretations and revisions to existing standards that the Group has applied from January 1, 2015.

- Annual improvements to IFRS standards 2010–2012 and 2011–2013
  - IFRS 2 – clarifies the definition of 'vesting condition' and now distinguishes between 'performance condition' and 'service condition'
  - IFRS 3 – clarifies that an obligation to pay contingent consideration is classified as financial liability or equity under the principles in IAS 32 and that all non-equity contingent consideration (financial and non-financial) is measured at fair value at each reporting date.
  - IFRS 3 – clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement in the financial statements of the joint arrangement itself.

- IFRS 8 – requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported.
- IFRS 13 confirms that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.
- IFRS 13 – clarifies that the portfolio exception in IFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of IAS 39 or IFRS 9
- IAS 16 and IAS 38 – clarifies how the gross carrying amount and accumulated depreciation are treated where an entity measures its assets at revalued amounts

The changes do not have any impact on the information presented in the consolidated financial statements.

- IAS 19 Defined Benefit Plans: The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The change does not have any impact on the information presented in the consolidated financial statements.
- IFRIC 21 Levies: This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets.' IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognised. The change does not have any impact on the information presented in the consolidated financial statements.

Consolidation

SUBSIDIARIES

Subsidiaries are all companies (including structured entities) in which the Group exercises control. The criteria for control are fulfilled when the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are consolidated in the consolidated financial statements from the date when the Group obtains control, while subsidiaries divested are consolidated up to the date when control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

ASSOCIATED COMPANIES

The consolidated financial statements include associated companies in which the YIT Group has a significant influence but not a controlling interest. Generally, this accompanies a shareholding of between 20% and 50% of the voting rights. 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. If an investment in an associate includes the goodwill arising from acquisition, it will be tested for impairment.

JOINT VENTURES

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group's management has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

Foreign currency translation

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

FOREIGN CURRENCY TRANSACTIONS

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

TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN GROUP COMPANIES

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

Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and items classified to be a part of net investments and the hedging result of these net 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:

		Income statement Jan-Dec/2015	Income statement Jan-Dec/2014	Balance Sheet Dec 31, 2015	Balance Sheet Dec 31, 2014
1 EUR =	CZK	27.2831	27.5364	27.0230	27.7350
	PLN	4.1828	4.1843	4.2639	4.2732
	RUB	67.9899	51.0378	80.6763	72.3370
	LTL		3.4528		3.4528

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

Tangible assets

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

The estimated useful lives of tangible assets are the following:

Buildings	40 years
Constructions	5–10 years
Productive machinery and equipment	10 years
Office furniture	5 years
Computers and computer supplies	3–5 years
Cars and trasferable vehicles	3–8 years
Other property, plant and equipment	10–40 years

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

Government grants

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

Investment property

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. The net identifiable assets include the assets and liabilities acquired and the liabilities assumed as well as the contingent liabilities. The acquisition cost is valued at fair value. Acquisitions completed prior to December 31, 2009, have been recorded in accordance with the previous IFRS norms, while acquisitions completed prior to January 1, 2004, have been recorded in accordance with the previous accounting norms applied to the financial statements. Goodwill is subjected to an annual impairment test. To this end, goodwill is allocated to cash-generating units. Goodwill is measured at the original acquisition cost less impairment. Impairment is expensed directly in the income statement. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets

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

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

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The acquisition cost is amortised on a straight-line basis over the estimated useful life. Computer maintenance costs are expensed as they are incurred. In IT projects that are classified as strategic, own work is capitalised in the balance sheet insofar as the capitalisation criteria are met in respect of cost monitoring, etc. Amortisation begins when the IT project is ready for use.

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

The amortisation periods of other intangible assets are as follows:

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

Impairment of tangible and intangible assets

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

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

Inventories

Inventories are measured either at the lower of acquisition cost or net realisable value. The acquisition cost of materials and supplies is determined using the weighted average price method. The acquisition cost of work in progress and shares in completed housing and real estate companies comprises the value of the plot and other raw materials, planning costs, direct costs of labour, other direct costs and the appropriate portion of the variable general costs of manufacture and fixed overhead. The net realisable value is the estimated selling price in ordinary business operations less the estimated expenditure on product completion and sales. In estimating the net realisable value of shares in completed housing and real estate companies, the available market information and the level of the yield on the properties are taken into account. In assessing the net realisable value of plots of land, their intended use is taken into account. In the valuation of plots of land used for construction, the completed products in which they will be included are taken into consideration. The carrying amount of plots of land is decreased only when the completed products are expected to be sold at a price lower than the acquisition cost. The net realisable value of other plots of land is based on the market price of the land.

Lease agreements

GROUP AS LESSEE

Lease agreements concerning assets in which the Group holds a material share of the risks and benefits of ownership are classified as financial lease agreements. A financial lease agreement is entered in the balance sheet at the lower of the fair value of the leased asset on the starting date of the lease agreement or the current value of the minimum rents. Assets acquired under financial lease agreements are depreciated over their economic lifetime or the period of lease, whichever is shorter. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding per financial period. The lease commitments of financial lease agreements are included in the financial liabilities.

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

THE GROUP AS LESSOR

The Group has subleased business premises it leases from others, and these are treated as other lease agreements. The leased assets are included in the original lessor's balance sheet. Rental income is recorded as income on the income statement during the lease period.

Non-current assets and discontinued operations held for sale

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

The disposal group includes assets, which do not fall within the scope of IFRS 5, while liabilities are measured in accordance with the applicable IFRS standards also after the classification.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held of sale and meets the following conditions:

- It represents a separate major line of business or geographical area of operations
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
- It is a subsidiary acquired exclusively with a view to resale.

Revenue from discontinued operations is presented as a separate item in the Group's OCI. Assets held for sale, disposal groups, items related to the assets held for sale and recognised directly in the shareholders' equity, and liabilities related to the disposal group are presented separately from other assets in the balance sheet.

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 Finland. 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. The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. Defined benefit pension plan expenses comprise expenses based on employee service, which is recognised in personnel expenses, and net interest cost, which is also recognised in personnel expenses. Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise.

SHARE-BASED PAYMENTS

Possible rewards under the share-based incentive scheme are paid as a combination of YIT Corporation shares and cash settlement, or fully in cash, based on achieved financial target levels. The cost effect of equity- settled share is recognised as personnel expenses and equity reserve. The cost is based on the market price of the YIT Corporation share at the grant date and it will be expensed over the vesting period. The fair value on the grant date is estimated by taking the market price for the company's shares on the date in question and deducting from it the present value of their expected dividends. The cash-settled reward is based on the market value of YIT's share at the balance sheet date and it is expensed to personnel expenses and current liabilities until the settlement date.

TERMINATION BENEFITS

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

Provisions

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a prior event, the materialisation of the payment obligation is probable and the size of the obligation can be reliably estimated. Provisions are valued at the current value of the costs required to cover the obligation. If compensation for a share of the obligation can be received from a third party, the compensation is recorded as a separate asset item, but only when it is practically certain that said compensation will be received. Provisions are booked for loss-making agreements when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the agreement. The amount of the guarantee and Finnish 10-year provisions for commitments in the construction industry provision is set on the basis of experience of the materialization of these commitments. Provisions for restructuring are recognized when the Group has made a detailed restructuring plan and initiated the implementation of the plan or has communicated about it. Provisions are not recognised for the continuing operations of the Group. A contingent liability is an obligation that has possibly arisen as a result of past events and whose existence is confirmed only when the uncertain event that is beyond the Group's control is realised. In addition, an existing obligation that probably does not require the fulfilment of debt or whose amount cannot be reliably assessed is considered a contingent liability. Contingent liabilities are presented in the notes.

Income taxes

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

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

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

Financial assets and liabilities

CLASSIFICATION AND ENTRY OF FINANCIAL ASSETS

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

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

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

FINANCIAL ASSETS ORIGINALLY MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

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

LOANS AND OTHER RECEIVABLES

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

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

CASH AND CASH EQUIVALENTS

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

FINANCIAL LIABILITIES

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

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

FINANCIAL LIABILITIES AT PERIODISED ACQUISITION COST USING THE EFFECTIVE INTEREST RATE METHOD

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

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

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

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

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

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

FAIR VALUE OF DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

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

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

Treasury shares

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

Income recognition

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

GOODS AND SERVICES SOLD

YIT Group designs, constructs and sells residential units and business premises and develops and maintains living infrastructure. Furthermore, in Russia, the Group provides after-sales service and maintenance for consumer customers' new homes. Income from sales of products is recorded when the significant risks, benefits and control associated with the ownership of the goods have transferred to the buyer. Income from short-term services is recorded when the service has been performed.

LONG-TERM SERVICE AGREEMENTS AND CONSTRUCTION CONTRACTS

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

The Group may also carry out a certain construction contract or long-term service agreement through a construction consortium. A construction consortium is not an independent legal unit; instead the contracting parties are directly responsible for its operations and liabilities. Construction contracts and long-term service agreements carried out through a consortium are included in the relevant Group company's reporting and are recorded as revenue on the basis of the degree of completion and the Group's share in the consortium.

OWN RESIDENTIAL AND COMMERCIAL REAL ESTATE DEVELOPMENT PROJECTS

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

Under the old practice, the revenue was recognised during the construction phase based on the percentage of degree of completion and the degree of sale. In the case of YIT's commercial real estate development projects, the recognition practice will be evaluated on a case-by-case basis and in accordance with the terms and conditions of each contract. These projects will be recognised when the construction work has started or when the project is complete. The share of income and expenses to be recognised is calculated by using the formula percentage of completion multiplied by the percentage of sale multiplied by the occupancy rate. YIT normally secures the key tenants prior to starting a business premises project and the investor at the early stage of construction of the project.

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

INTEREST AND DIVIDENDS

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

Non-recurring items

Non-recurring items are presented in the Notes to the Consolidated Financial Statements. The Group treats as non-recurring items that have a material impact on the quarterly result that help understand the formation of the Group's financial result. The Group treats as non-recurring items such as the following, when their impact on the quarterly result is material:

- Gains or losses arising from the divestment of a business or part of a business
- Write-down of goodwill
- Provisions made on the basis of statutory personnel negotiations and adaptation measures
- Costs associated with acquisitions
- Impairment of fixed asset items
- Impairment of plots of land
- Material effect on profit/loss from disputes based on a decision by a court or arbitration proceedings
- Any other extraordinary items that have a material impact on the quarterly result

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 cash flows in the value-in-use calculations reflect the best estimate for different time period, and the sensitivity analysis for discount rate, profitability as well as terminal value have been made. On December 31, 2014, goodwill amounted to EUR 10.9 million.

PERCENTAGE OF COMPLETION REVENUE RECOGNITION OF LONG-TERM PROJECTS

Due to estimates included in the revenue recognition of long-term service agreement and construction projects, revenue and profit presented by financial period only rarely correspond to the equal distribution of the total profit over the duration of the project. When revenue recognition from long-term projects is based on the percentage of completion method, the final result of the projects is regularly and reliably estimated. Calculation of the total income of projects includes estimates on the total expenditure required to complete the project as well as the development of sales prices. If the estimates of the end result of a contract change, the sales and profits recognised are adjusted in the reporting period when the change first becomes known and can be evaluated. If it is probable that the total expenditure required to complete a contract will exceed the total income from the project, the expected loss is expensed immediately. In 2015, revenue recognition through percentage of completion method amounted to EUR 1,403.2 million, representing 81 per cent of the Group's revenue (Note 5).

INCOME TAXES

The Group is subject to income taxes in several countries. Evaluating the total amount of income taxes at the Group level requires significant consideration, so the amount of total tax includes uncertainty. On December 31, 2015, deferred tax receivables amounted to EUR 40.5 million and deferred tax liabilities amounted to EUR 18.5 million (Note 19).

PROVISIONS

The recognition of provisions is associated with estimates concerning probability and quantity. Provisions are booked for loss-making agreements when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the agreement. A guarantee provision and Finnish 10-year provisions for commitments are recorded when a project is recognised in the income statement. The amount of the guarantee and Finnish 10-year provisions for commitments in the construction industry provision is set on the basis of experience of the materialization of these commitments. On December 31, 2015, provisions amounted to EUR 61.0 million (Note 25).

PENSION BENEFITS

The current value of pension obligations depends on various actuarial factors and the discount rate used. Changes in the assumptions and discount rate have an effect on the carrying amount of pension liabilities. The discount rate used is the market rate of high-quality corporate bonds or the interest rate of treasury notes for the currency in which the benefits will be realised. The maturity of the reference rate used corresponds substantially to the maturity of the calculated pension liability. Other assumptions are based on actuarial statistics and prevailing market conditions. On December 31, 2015, pension liabilities amounted to EUR 0.9 million (Note 24).

INVENTORIES

On each closing date, the Group assesses the valuing of inventory and possible decrease in value based on its best estimate. The estimates are based on systematic and continuous monitoring. Plot reserves are measured at acquisition cost and the value is impaired only when it is estimated that the building being constructed on the plot will be sold at a price lower than the sum of the price of the plot and the construction costs. The valuing of plot reserves has been made by using time period of 3-4 years. On December 31, 2015, work in progress amounted to EUR 749.9 million, completed housing units amounted to EUR 203.8 million and plot reserves amounted to EUR 499.6 million (Note 20).

TRADE RECEIVABLES

The Group books write-offs or provision on receivables when it is evident that no payment can be expected. Group adopts its policy of valuing trade receivables and the bookings include estimates and critical judgements. The estimates are based on experience on realised write-offs in previous years, empirical knowledge of debt collecting, analysis made by clients and general market situation at the time. On December 31, 2015, trade receivables amounted to EUR 104.6 million (Note 21).

Evaluation of the future impact of new standards and interpretations

IASB has published the following new or amended standards and interpretations, which group has not applied for or EU commission has not approved yet. YIT Group will adopt them in the financial statements for the year 2016 or later.

- Amendment to IFRS 11 Joint Arrangements: The amendment concerns the accounting for an acquisition of an interest in a joint venture. This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control. The Group management is assessing the impact of the amendment on the consolidated financial statements.

- Amended IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- IFRS 15 Revenue from contracts with customers: This is the converged standard on revenue recognition. It replaces IAS 11 ”Construction contracts”, IAS 18 ”Revenue” and related interpretations. Revenue is recognised when control of a good or service transfers to a customer. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: identify contract (or contracts) with customers
  - Step 2: identify the separate performance obligation
  - Step 3: determine the transaction price of the contract
  - Step 4: allocate the transaction price to each of the separate performance obligations, and
  - Step 5: recognise the revenue as each performance obligation is satisfied

  IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The group management is assessing the impact of the standard on the financial statements of the Group.

- IFRS 9 Financial Instruments and associated amendments to various other standards. IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

  Classification of debt assets will be driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

  All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss). For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The new standard also introduces expanded disclosure requirements and changes in presentation. In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

- Amendments to IAS 27 Separate Financial Statements: The amendment will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. The group management is assessing the impact of the standard on the financial statements of the Group.

- Amendments to IFRS 10 and IAS 28: The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’ (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor’s investors in the associate or joint venture. The amendments apply prospectively.

- Annual Improvements to IFRSs 2012–2014 cycle: The latest annual improvements clarify:
  - IFRS 5 - when an asset (or disposal group) is reclassified from ‘held for sale’ to ‘held for distribution’ or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such
  - IFRS 7 - specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute ‘continuing involvement’ and, therefore, whether the asset qualifies for derecognition
  - IFRS 7 - that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34
  - IAS 19 - that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise
  - IAS 34 - what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’ and adds a requirement to cross-reference from the interim financial statements to the location of that information.

  The group management is assessing the impact of the standard on the financial statements of the Group.

- The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB’s Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:
  - Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
  - Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity’s financial position or performance. There is also new guidance on the use of subtotals.
  - Notes – confirmation that the notes do not need to be presented in a particular order.
- Other comprehensive income arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments. The group management is assessing the impact of the standard on the financial statements of the Group.

- Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures clarify that:
  - The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities.
  - An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.
  - Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

The group management is assessing the impact of the standard on the financial statements of the Group.

2. Segment information

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

YIT Corporation's segment structure changed from the beginning of 2015. As of January 1, 2015, the Group's three reportable segments are 1) Housing Finland and CEE , 2) Housing Russia and 3) Business Premises and Infrastructure. The Business Premises and Infrastructure segment comprises business premises construction in Finland, the Baltic countries and Central Eastern Europe, as well as infrastructure services in Finland.

The reason for the change from the previous business segment structure was YIT's aim to revise its business segment structure to better correspond to the company's new management structure and business areas.

Housing Finland and CEE

- Development and construction of housing, holiday homes and entire residential areas
- Emphasis on own developments

Housing Russia

- Development and construction of housing and entire residential areas, emphasis on own developments.
- Property maintenance

Business Premises and Infrastructure

- Development and construction of offices, shopping malls, public facilities, assisted living facilities and other business premises
- Renovation projects
- Construction of roads, bridges, tunnels, rail and metro stations, ports and power plants
- Road and street maintenance

Other items

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

Accounting principles in segment reporting

In the Group's segments' reporting to the management, the revenue from own residential and commercial development projects is recognised by multiplying the degree of completion and the degree of sale, i.e. according to the percentage of completion method, which does not fully comply with the Group's IFRS accounting principles. According to the Group's IFRS accounting principles, revenue from our own residential construction projects is recognised on completion and in commercial development projects the recognition practice will be evaluated on a case-by-case basis and in accordance with the terms and conditions of each contract. The share of income and expenses to be recognised is calculated by multiplying the percentage of completion by the percentage of sale multiplied by the occupancy rate. YIT usually sells own commercial development projects to investors either prior to construction or during an early phase. The impact of the difference in reporting principles is shown in the line IFRS adjustment. As a result of the accounting policy, Group figures can fluctuate greatly between quarters.

In addition to group reporting, the interest expenses are capitalized according to IAS 23 standard, which causes differences in operating profit and financial expenses between segment reporting and group reporting. The chief operating decision-maker is the YIT Group’s Management Board, which reviews the Group’s internal reporting in order to assess performance and allocate resources to the segments.

The operative invested capital and return on operative invested capital (%) are included in the reports regularly reviewed by the YIT Group's Management Board. These key indicators are reported regularly to Group's Management. Operative invested capital is determined as follows:

\+ Tangible and intangible assets
\+ Goodwill
\+ Investments in associates and joint ventures
\+ Inventories
\+ Trade receivables and other non-interest-bearing receivables (excl. items related to taxes, interests and distribution of assets)

= Segments' assets

\- Provisions
\- Trade payables
\- Advances received
\- Other non-interest-bearing liabilities (excl. items related to taxes, interests and distribution of assets)

= Segments' liabilities

Segment's assets - Segment's liabilities = Operative invested capital

Return on operative invested capital %

$$= \frac{\text{Segment's operating profit (12 months)}}{\text{Operative invested capital (average) *100}}$$

Operating segments 2015

EUR million	Housing Finland and CEE	Housing Russia	Business Premises and Infra-structure	Other items and eliminations	Items allocated to segments
Segments' revenue	**777.8**	**266.4**	**607.1**	**-0.1**	**1,651.2**
Group internal	0.0	-0.1	-0.7	0.7	0.0
Revenue from external customers	777.8	266.3	606.4	0.7	1,651.2
Share of profit from associates and joint ventures			0.0		0.0
Operating profit segment/ Group	**56.0**	**0.6**	**21.9**	**-12.9**	**65.7**
Operating profit includes:					
Depreciation and amortization	-1.3	-0.7	-0.2	-9.9	-12.1
Change in provisions	2.3	-1.1	-1.5	-0.7	-1.0
Segments' assets	**698.1**	**463.2**	**352.7**	**52.2**	**1,566.2**
Total assets include:					
Investments	2.7	1.9	0.2	7.3	12.0
Investments in associates and joint ventures			0.7		0.7
Segments' liabilities	**261.0**	**100.2**	**215.8**	**-0.5**	**576.6**
Segment's operative invested capital	437.1	363.0	136.8		
Return on operative invested capital (last 12 months), %	11.0%	0.2%	13.8%		

Operating segments 2014

Oikaistut tiedot EUR million	Housing Finland and CEE	Housing Russia	Business Premises and Infra-structure	Other items and eliminations	Items allocated to segments
Segments' revenue	**726.5**	**474.1**	**599.3**	**1.4**	**1,801.2**
Group internal	-0.5	-1.0	-1.1	2.6	0.0
Revenue from external customers	726.0	473.1	598.2	3.9	1,801.2
Share of profit from associates and joint ventures			0.3		0.3
Operating profit segment/ Group	**57.6**	**49.8**	**20.1**	**-13.5**	**114.0**
Operating profit includes:					
Depreciation and amortization	-0.4	-1.5	-0.2	-10.5	-12.6
Change in provisions	1.7	-0.2	-1.0	-0.7	-0.3
Segments' assets	**796.6**	**481.6**	**376.0**	**58.2**	**1,712.4**
Total assets include:					
Investments	4.9	1.4	0.4	7.2	13.9
Investments in associates and joint ventures	0.0		0.8		0.8
Segments' liabilities	**216.8**	**109.8**	**194.2**	**6.1**	**526.8**
Segment's operative invested capital	579.8	378.1	181.9		
Return on operative invested capital (last 12 months), %	9.4%	10.5%	10.8%		

Segment information reconciliation

EUR million	2015	2014
Revenue reconciliation		
Revenue, segment reporting	1,651.2	1,801.2
IFRS adjustment	81.0	-22.6
Revenue, group	**1,732.2**	**1,778.6**
Reconciliation of net profit for the financial year		
Operating profit, segment reporting	65.7	114.0
Unallocated items:		
Financial income and expenses	-38.7	-39.0
Profit before taxes, segment reporting	**27.0**	**75.0**
Taxes	-6.9	-18.5
Non-controlling interests	0.0	0.0
Net profit for the financial year, segment reporting	**20.0**	**56.6**
IFRS adjustment:		
Operating profit	15.9	-19.2
Financial income and expenses	18.4	18.5
Deferred taxes	-7.2	0.0
Non-controlling interests	0.0	0.0
Net profit for the financial year, group	**47.2**	**55.9**

EUR million	2015	2014
Reconciliation of assets		
Assets allocated to segments	1,566.2	1,712.4
Unallocated items:		
Cash and cash equivalents	122.2	199.4
Non-current receivables	1.6	4.6
Tax related items	45.2	44.4
Periodisations of financial items	6.1	2.4
Assets total, segment reporting	**1,741.4**	**1,963.2**
IFRS adjustment:		
Inventories	263.2	318.7
Other current receivables	-44.0	-56.5
Deferred tax receivables	5.9	8.0
Assets total, group	**1,966.6**	**2,233.4**
Reconciliation of liabilities		
Liabilities allocated to segments	576.6	526.8
Unallocated items:		
Interest-bearing liabilities	583.1	816.0
Tax related items	19.3	22.3
Periodisations of financial items	14.0	15.9
Liabilities total, segment reporting	**1,193.0**	**1,381.0**
IFRS adjustment:		
Interest-bearing current liabilities	68.1	79.4
Other current liabilities	182.0	246.7
Deferred tax liabilities	0.5	-4.3
Liabilities total, group	**1,443.5**	**1,702.8**

Geographical information

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

Revenue from external customers

EUR million	2015	2014
Finland	1,240.1	1,162.5
Russia	335.1	452.1
Baltic countries	108.2	98.9
Central Eastern Europe	48.8	64.5
Other Europe		0.6
Group total	**1,732.2**	**1,778.6**

Non-current assets

EUR million	2015	2014
Finland	55.2	58.0
Russia	7.7	9.1
Baltic countries	9.1	10.7
Central Eastern Europe	1.4	1.4
Group total	**73.4**	**79.2**

3. Acquisitions

No acquisitions were made in 2015 and 2014.

4. Disposals

There were no disposed businesses in 2015 and 2014.

5. Long-term construction contracts

EUR million	2015	2014
Contract revenue recognised as revenue in the period	1,403.2	1,225.8
Contract costs incurred and recognised profits less recognised losses to date for work in progress	1,241.5	1,117.6
Accrued income from long-term projects	22.5	31.5
Advances received	295.1	168.2

The expenditure incurred and the profits recognized for the long-term projects, that exceed the amountinvoiced for the project, the difference is disclosed in “Trade and other receivables” in the balance sheet. Advances received and difference that arises if the expenditure and recognised income are lower than the amount of invoiced for the project, the difference is disclosed in “Trade and other payables”.

6. Other operating income

EUR million	2015	2014
Gains on the sale of tangible and intangible assets	0.8	1.2
Rent income	9.1	8.6
Other income	6.0	4.6
Total	**16.0**	**14.4**

7. Other operating expenses

EUR million	2015	2014
Losses on the sale of tangible and intangible assets	0.0	0.0
Rent expenses	44.5	49.5
Voluntary indirect personnel expenses	7.1	7.5
Other variable expenses for work in progress	200.6	167.4
Travel expenses	8.8	9.9
IT expenses	0.8	1.3
Premises expenses	10.9	12.3
Other fixed expenses	13.2	15.2
Total	**286.0**	**263.1**

Audit fee

EUR million	2015	2014
PricewaterhouseCoopers		
Audit fee	0.8	0.8
Statements	0.0	0.0
Tax services	0.0	0.1
Other services	0.1	0.1
Total	**0.9**	**1.0**

8. Depreciation and impairment

Depreciation

EUR million	2015	2014
Intangible assets		
Allocations		0.0
Other intangible assets	1.9	1.1
Tangible assets		
Buildings and structures	0.5	0.6
Machinery and equipment	8.6	9.6
Machinery and equipment, finance lease	0.1	0.2
Other tangible assets	1.0	1.1
Depreciation and impairment, total	**12.1**	**12.6**

9. Employee benefit expenses

EUR million	2015	2014
Wages and salaries	197.8	210.4
Pension costs, defined contribution plan	9.5	10.6
Pension costs, defined benefit plan	0.0	0.0
Share-based compensations	2.1	1.3
Other indirect employee costs	34.6	42.0
Total	**244.0**	**264.3**

Personnel by business segment

Average number of personnel	2015	2014
Housing Finland and CEE	1,780	1,882
Housing Russia	1,766	1,999
Business Premises and Infrastructure	1,770	1,922
Group Services	297	313
Total	**5,613**	**6,116**

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

10. Research and development expenses

YIT group's research and development expenses amounted in 2015 to EUR 15.8 million (2014: EUR 14.5 million). The research and development expenses have been mainly recognised as a part of the costs of long-term projects and have been recorded as a project costs.

11. Financial income and expenses

EUR million	2015	2014
Financial income		
Dividend income on available for sale investments	0.0	0.0
Interest income on loans and other receivables	1.4	0.7
Changes in fair values on financial instruments at fair value through profit and loss account [1]	0.0	
Other financial income on loans and other receivables	0.2	0.0
Financial income, total	**1.5**	**0.7**
Financial expenses		
Interest expenses on liabilities at amortized cost [2]	-20.9	-19.5
Interest expenses on receivables sold to financing companies	-3.4	-3.3
Other financial expenses on liabilities at amortized cost	-4.8	-4.9
Interest expenses on hedging derivatives	-0.5	-0.8
Interest expenses on non-hedging derivatives	-1.8	-1.2
Changes in fair values on financial instruments at fair value through profit and loss account [1]	-1.3	-3.7
Interest expenses on finance leases	0.0	0.0
Financial expenses	-32.7	-33.6
Interest expenses capitalised on qualifying assets [3]	18.4	18.5
Financial expenses, total	**-14.3**	**-15.1**

EUR million	2015	2014
Exchange rate differencies		
Exchange rate gains	23.4	52.6
Exchange rate losses	-30.9	-58.6
Exchange rate differences, net [4]	**-7.5**	**-6.0**
Financial expenses, net	**-20.3**	**-20.5**

[1] Measurement of interest rate derivatives at fair value.
[2] Interest expenses on liabilities at amortised cost include EUR 0.5 million (in 2014: EUR 0.8 million) of interest expenses on derivatives with hedge accounting applied.
[3] Capitalisation of interest expenses is based on the effective weighted average interest of the Group loan portfolio. Currency-specific factors include the impact of hedging.
[4] Exchange rate differences, net, were mainly caused by realised losses from hedging the rouble against the euro.

12. Income taxes

Income taxes in the income statement

EUR million	2015	2014
Current taxes	10.4	17.0
Taxes for prior years	-0.5	0.3
Deferred taxes	4.1	1.2
Total income taxes	**14.0**	**18.5**

The reconciliation between income taxes in the consolidated income statement and income taxes at the statutory tax rate in Finland 20.0% is as follows:

EUR million	2015	2014
Profit before taxes	**61.3**	**74.3**
Income taxes at the tax rate in Finland 20.0%	12.3	14.9
Effect of different tax rates outside Finland	-0.4	-0.4
Tax exempt income and non-deductible expenses	3.9	2.9
Net results of associated companies and joint ventures	0.0	-0.1
Impact of losses for which deferred tax asset is recognised	-0.9	-0.1
Impact of losses for which deferred taxes is not recognised	0.4	0.5
Reassessment of deferred taxes	-0.8	0.5
Taxes for prior years	-0.5	0.3
Income taxes in the income statement	**14.0**	**18.5**

13. Earnings per share

	Undiluted		Diluted	
	2015	2014	2015	2014
Profit attributable to the equity holders of the Company, EUR million	47.2	55.9	47.2	55.9
Weighted average number of shares, million	125.6	125.6	126.8	126.2
Earnings per share, EUR	0.38	0.44	0.37	0.44

Diluted earnings per share is calculated by adjusting number of shares to assume conversion of all diluting potential shares.

14. Tangible assets

2015 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assests	Advance payments	Total
Historical cost at January 1	2.9	21.4	160.5	15.6	0.1	200.4
Translation differences		-0.5	-0.3	-0.1	0.0	-1.0
Increases		0.8	4.9	1.0	0.0	6.7
Decreases	-0.1	-2.8	-1.8	-0.4	0.0	-5.2
Reclassifications		0.3	-0.9	0.0		-0.6
Historical cost at December 31	**2.8**	**19.1**	**162.3**	**16.1**	**0.1**	**200.3**
Accumulated depreciation at January 1		-11.7	-121.3	-12.0		-145.0
Translation differences		0.1	0.3	0.1		0.5
Depreciation		-0.5	-8.7	-1.0		-10.3
Accumulated depreciation of reclassifications		0.8	0.9	0.2		1.9
Accumulated depreciation at December 31		**-11.3**	**-128.8**	**-12.8**		**-152.9**
Carrying value January 1	2.9	9.7	39.2	3.5	0.1	55.4
Carrying value December 31	**2.8**	**7.8**	**33.5**	**3.3**	**0.1**	**47.4**

2014 EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assests	Advance payments	Total
Historical cost at January 1	3.0	25.2	165.2	15.2	0.4	209.1
Translation differences		-3.3	-4.0	-1.2	0.0	-8.5
Increases		0.7	3.8	2.1	-0.1	6.5
Decreases	-0.1	-2.4	-4.5	-0.5	-0.2	-7.7
Reclassifications		1.2	0.0	0.0	0.0	1.2
Historical cost at December 31	**2.9**	**21.4**	**160.5**	**15.6**	**0.1**	**200.4**
Accumulated depreciation at January 1		-13.8	-117.9	-12.1		-143.8
Translation differences		1.2	2.8	0.6		4.6
Depreciation		-0.6	-9.8	-1.1		-11.5
Accumulated depreciation of reclassifications		1.4	3.6	0.5		5.5
Accumulated depreciation at December 31		**-11.7**	**-121.3**	**-12.0**		**-145.0**
Carrying value January 1	3.0	11.4	47.3	3.1	0.4	65.2
Carrying value December 31	**2.9**	**9.7**	**39.2**	**3.5**	**0.1**	**55.4**

No impairment losses have been recognised in the years 2015 and 2014. The government grants received are not material and have been deducted from the carrying value.

Finance lease assets

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

EUR million	Buildings and structures 2015	Machinery and equipment 2015	Total 2015	Buildings and structures 2014	Machinery and equipment 2014	Total 2014
Historical cost at January 1	0.4	6.2	6.6	0.6	6.6	7.2
Translation differences	-0.0	-0.1	-0.1	-0.2	-0.5	-0.7
Increases				0.0	0.1	0.1
Decreases				-0.0	-0.0	-0.0
Reclassifications				0.0	0.0	0.0
Historical cost at December 31	**0.3**	**6.1**	**6.4**	**0.4**	**6.2**	**6.6**
Accumulated depreciation at January 1	-0.0	-5.9	-5.9	-0.0	-6.1	-6.1
Translation differences	0.0	0.1	0.1	0.0	0.3	0.4
Depreciation	-0.0	-0.1	-0.1	-0.0	-0.2	-0.2
Accumulated depreciation of reclassifications					0.0	0.0
Accumulated depreciation at December 31	**0.0**	**-5.9**	**-6.0**	**0.0**	**-5.9**	**-5.9**
Carrying value January 1	0.3	0.3	0.6	0.6	0.5	1.1
Carrying value December 31	**0.3**	**0.2**	**0.5**	**0.3**	**0.3**	**0.6**

15. Intangible assets

2015 EUR million	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total other intangible assets
Historical cost at January 1	10.9	3.3	16.6	8.5	28.2
Increases			2.1	2.8	4.9
Decreases		-3.3	-0.3	0.0	-3.6
Reclassifications			3.0	-3.0	0.0
Translation differences			0.0		0.0
Historical cost at December 31	**10.9**		**21.4**	**8.2**	**29.5**
Accumulated depreciation at January 1		-3.3	-13.7		-16.9
Depreciation			-1.9		-1.9
Translation differences			0.0		0.0
Accumulated depreciation of reclassifications		3.3	0.3		3.6
Accumulated depreciation at December 31			**-15.3**		**-15.3**
Carrying value January 1	10.9		2.9	8.5	11.3
Carrying value December 31	**10.9**		**6.1**	**8.2**	**14.3**

2014 EUR million	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total other intangible assets
Historical cost at January 1	10.9	3.3	16.9	3.5	23.7
Increases			0.4	5.0	5.4
Decreases			-0.6	0.0	-0.6
Reclassifications			0.0	0.0	0.0
Translation differences			-0.2		-0.2
Historical cost at December 31	**10.9**	**3.3**	**16.6**	**8.5**	**28.2**
Accumulated depreciation at January 1		-3.3	-13.3		-16.6
Depreciation		0.0	-1.1		-1.1
Translation differences			0.2		0.2
Accumulated depreciation of reclassifications			0.5		0.5
Accumulated depreciation at December 31		**-3.3**	**-13.7**		**-17.0**
Carrying value January 1	10.9	0.0	3.6	3.5	7.1
Carrying value December 31	**10.9**		**2.9**	**8.5**	**11.3**

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

EUR million	2015	2014
Baltic countries and Central Eastern Europe	8.1	8.1
YIT Moskovia	2.8	2.8
Total goodwill	**10.9**	**10.9**

The recoverable amount of all cash generating units (CGU) is based on value in use calculations. The recoverable cash flows are based on the set out budget for 2016 and the set out strategy of 2017–2018. The most significant assumptions concerning these are related to the development of housing demand and project margins, as well as changes in working capital. In impairment testing in 2015, the growth rates for terminal values used were 2% in the Baltic countries and Central Eastern Europe, and 6% for YIT Moskovia, which operates in Russia. The estimates rest on the former experience and trends in these markets. Forecast of several research institutes related to growth, demand and price trends have also been utilised when preparing the estimates.

The discount factor employed is YIT's latest confirmed pre-tax WACC (Weighted Average Cost of Capital). A WACC of 7.6% was used in the Baltic countries and Central Eastern Europe, and 18.9% in Russia.

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 the Baltic countries and Central Eastern Europe, and exceeded it slightly in Russia.

The sensitivity analysis for the recoverable cash flows has been made assessing the impact of changes in, for example, discount rate, profitability and terminal value. For Russia, the recoverable amount exceeds the carrying amount slightly, and thus the goodwill allocated to YIT Moskovia is sensitive to changes in the assumptions used.

16. Investments in associated companies and joint ventures

	2015			2014		
EUR million	Associated cmpanies	Joint ventures	Total	Associated cmpanies	Joint ventures	Total
Historical costs on January 1	0.7	0.1	0.8	0.4	0.1	0.5
Share of results	0.1	0.0	0.1	0.3	0.0	0.3
Increases		0.1	0.1			
Dividend received during the financial year	-0.2	-0.1	-0.3			
Historical costs on December 31	**0.6**	**0.1**	**0.7**	**0.7**	**0.1**	**0.8**

The carrying amounts of the shares in associated companies do not include goodwill in 2015 and 2014. Consolidation is based on the equity method. The impact of associated companies and joint ventures on the consolidated financial statements is minor.

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

2015 EUR million	Domicile	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Profit/ loss	Consolidated	Ownership
Associated companies									
YIT Kuntatekniikka Oy	Mikkeli	0.0	2.9		1.6	13.6	0.1	0.1	40.00%
Joint ventures									
Ruoholahti 23 Oy	Helsinki		0.0		0.0		0.0	0.0	50.00%
Valtatie 7 Group	Helsinki	314.2	57.3	348.3	43.3	46.5	0.0		10.05%
Tieyhtiö Vaalimaa Oy	Helsinki	36.9	3.9	35.4	5.7		0.0		20.00%
Total		**351.1**	**64.0**	**383.7**	**50.6**	**60.1**	**0.1**	**0.0**	

2014 EUR million	Domicile	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Profit/ loss	Consolidated	Ownership
Associated companies									
YIT Kuntatekniikka Oy	Mikkeli	0.1	3.5		1.9	14.4	0.8	0.3	40.00%
Joint ventures									
Ruoholahti 23 Oy	Helsinki		0.0		0.0	0.1	0.0	0.0	50.00%
Valtatie 7 Group	Helsinki	325.8		349.4		25.9	0.0		10.05%
Total		**325.9**	**3.5**	**349.4**	**1.9**	**40.4**	**0.8**	**0.3**	

Descriptions of lines of business

YIT Kuntatekniikka Oy’s line of business is to build, maintain and develop good living environments and provide services related to technical infrastructure and properties primarily in the Mikkeli area, and with regard to infrastructure services, also elsewhere in Eastern Finland.

Ruoholahti 23 Oy’s line of business is to acquire, sell, own, manage and lease properties comprising residential, medical, office and industrial premises, as well as shares in real estate companies related to such premises. The company’s line of business also includes construction and property development activities as well as related use and maintenance operations.

The company’s line of business further includes the provision of management services for properties and premises.

Valtatie 7 Group’s line of business is to plan, build, develop, finance and maintain the E18 motorway between Koskenkylä and Kotka.

Tieyhtiö Vaalimaa Oy's line of business is to plan, build, develop, finance and maintain the E18 motorway between Hamina and Vaalimaa.

17. Available for sale investments

EUR million	2015	2014
Carrying value January 1	0.8	0.8
Decreases	-0.4	
Changes in fair values	0.0	0.0
Carrying value December 31	**0.4**	**0.8**
Available for sale investments consist of as follows:		
Quoted	0.1	0.1
Unquoted	0.3	0.7
Total	**0.4**	**0.8**

18. Non-current receivables

EUR million	2015 Carrying value	2015 Fair value	2014 Carrying value	2014 Fair value
Trade receivables	0.3	0.3	0.3	0.3
Other receivables	3.4	3.4	0.0	0.0
Accrued receivables			2.6	2.6
Total	**3.7**	**3.7**	**2.9**	**2.9**

Reconciliation to the Note 29 Financial assets and liabilities by category

EUR million	2015	2014
Trade receivables	0.3	0.3
Other receivables	3.4	0.0
Accrued receivables		2.6
Total	**3.7**	**2.9**

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

19. Deferred tax assets and liabilities

EUR million	2015	2014
Deferred tax assets	40.5	41.6
Deferred tax liabilities	-18.5	-15.6
Deferred tax assets, net	**22.1**	**26.0**

Changes in deferred tax assets and liabilities

EUR million	2015	2014
Deferred tax assets, net January 1	26.0	30.0
Translation difference	0.2	-2.8
Changes recognised in income statement	-4.1	-1.2
Changes recognised in comprehensive income	0.0	-0.1
Deferred tax assets, net December 31	**22.1**	**26.0**

Changes in deferred tax assets and liabilities before the offset

2015

EUR million	January 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income/equity	December 31
Deferred tax assets					
Provisions	11.3	-0.2	2.0		13.1
Tax losses carried forward	4.3	-0.7	4.3		8.0
Pension obligations	0.1		0.1	0.0	0.2
Percentage of completion method	10.1	-0.1	-3.3		6.7
Inventories	13.4	-0.5	-0.8		12.1
Other items	9.4	-0.1	-4.0		5.2
Total deferred tax assets	**48.6**	**-1.7**	**-1.7**	**0.0**	**45.3**
Deferred tax liabilities					
Allocation of intangible assets	0.8		1.9		2.7
Accumulated depreciation differences	4.5		-1.3		3.2
Pension obligations	0.0				0.0
Percentage of completion method	5.6	-1.2	2.5		6.8
Inventories	7.8	-0.7	-0.6		6.5
Available-for-sale investments	0.1				0.1
Other items	3.9	0.1	-0.1		3.9
Total deferred tax liabilities	**22.7**	**-1.8**	**2.4**		**23.2**

2014

EUR million	January 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income/equity	December 31
Deferred tax assets					
Provisions	12.5	-0.3	-0.9		11.3
Tax losses carried forward	7.4	-0.6	-2.5		4.3
Pension obligations	0.1	0.0	0.0		0.1
Percentage of completion method	9.4	-0.9	1.6		10.1
Inventories	17.6	-3.9	-0.3		13.4
Other items	17.8	-5.3	-3.1	-0.1	9.4
Total deferred tax assets	**64.8**	**-10.9**	**-5.3**	**-0.1**	**48.6**
Deferred tax liabilities					
Allocation of intangible assets	0.8	0.0	0.0		0.8
Accumulated depreciation differences	4.5		0.0		4.5
Pension obligations	0.0		0.0		0.0
Percentage of completion method	15.2	-3.2	-6.4		5.6
Inventories	7.5	-2.0	2.3		7.8
Available-for-sale investments	0.1		0.0		0.1
Other items	6.7	-2.8			3.9
Total deferred tax liabilities	**34.7**	**-8.0**	**-4.1**		**22.7**

The deferred tax receivables on the taxable losses will be booked to the extent it is expected that the benefit can be deducted from taxable profit in the future.No deferred tax asset of EUR 1.4 million (2014: EUR 1.5 million) has been recognised on accumulated losses, of which some part is not approved by the tax authorities. Deferred tax liability on undistributed earnings of subsidiaries, where the tax will be paid on the distribution of earnings, has not been recognised on 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. In 2015 the amount of unrecognised deferred tax liability was EUR 0.3 million.

20. Inventories

EUR million	2015	2014
Raw materials and consumables	8.5	6.0
Work in progress	749.9	867.7
Land areas and plot-owing companies	499.6	509.1
Shares in completed housing and real estate companies	203.8	223.8
Advance payments	66.0	73.3
Other inventories	0.6	2.7
Total inventories	**1,528.4**	**1,682.6**

The write-downs of inventories were EUR 8.7 million (2014: EUR 9.0 million).

Work in progress include capitalised interests EUR 24.2 million (2014: EUR 27.7 million).

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

21. Trade and other receivables

The balance sheet values

EUR million	2015	2014
Trade receivables	104.6	118.1
Loan receivables	1.1	3.8
Accrued income from long-term projects	22.5	31.5
Accrued income	15.4	13.4
Receivables from derivative agreements	6.1	2.4
Other receivables	37.9	47.6
Total	**187.6**	**216.8**

The trade receivables were on average EUR 111.4 million during 2015 (2014: EUR 116.5 million).

Reconciliation to the Note 29 Financial assets and liabilities by category

EUR million	2015	2014
Loan receivables	1.1	3.8
Trade receivables	104.6	118.1
Accrued income from long-term projects	22.5	31.5
Other receivables	37.9	47.6
Total	**165.0**	**197.3**

22. Cash and cash equivalents

EUR million	2015 Carrying value	2015 Fair value	2014 Carrying value	2014 Fair value
Cash and cash equivalents	117.2	117.2	199.4	199.4
Money market investments	5.0	5.0		
Total	**122.2**	**122.2**	**199.4**	**199.4**

Cash and cash equivalents presented in group cash flow statement

EUR million	2015	2014
Cash and cash equivalents	117.2	199.4
Money market investments	5.0	
Accounts with overdraft facility	0.0	
Total	**122.2**	**199.4**

23. Equity

Share capital and share premium reserve	Number of outstanding shares	Share capital, EUR million	Treasury shares, EUR million
January 1, 2014	125,590,136	149.2	-8.2
Return of treasury shares	-6,144		-0.0
December 31, 2014	**125,583,992**	**149.2**	**-8.3**
January 1, 2015	125,583,992	149.2	-8.3
Return of treasury shares	-5,151		-0.0
December 31, 2015	**125,578,841**	**149.2**	**-8.3**

At December 31, 2015 the total number of YIT Oyj's shares was 127,223,422 and the share capital amounted to EUR 149.217 thousand euros. All the issued and subscribed shares have been fully paid to the company. Shares do not have a nominal value.

Treasury shares

Changes in own shares if YIT corporation during the accounting period

Time	Amount, pcs.
January 1, 2015	1,639,430
Return of treasury shares	5,151
December 31, 2014	**1,644,581**

The consideration paid for the treasury shares amounted to EUR 8.3 million and is disclosed as a separate fund in equity. The consideration paid on treasury shares decreases the distributable equity of YIT Corporation. YIT Corporation holds the own shares as treasury shares and has the right to return them to the market in the future.

Legal and other reserves

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

Translation differences

Translation differences include the exchange rate differences recognised in Group consolidation. In addition, 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 translation differences. There were no hedges of a net investment in a foreign operation in 2015 and 2014.

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 0.22 euros per share.

Share-based incentive plan

From 2010, the Group has had a long-term share-based incentive plan for it's key personnel.

Incentive plan 2010–2012

The scheme consisted of three earnings periods, i.e. the calendar years 2010, 2011 and 2012. Shares were handed over in 2011, 2012 and 2013 based on the performance in the previous year. A total of approximately 700,000 shares could be rewarded annually, of which a maximum of 20,000 to the President and CEO.

The taxes and tax-like payments arising from the share rewards are covered by a monetary bonus under the terms of the scheme. Employees included in the incentive scheme are obligated to not transfer their shares within two years of having obtained them for the shares based on performance in 2010 and three years for the shares based on performance in 2011 and 2012, i.e. throughout the duration of the commitment period. If the employment of an employee is terminated during the commitment period, the employee must return any shares obtained as rewards to the company free of charge. In the case of shares granted for 2010 and 2011, the commitment period has ended.

During 2015, a total of 5,151 shares were returned to the company in accordance with the terms and conditions.

Incentive plan 2014–2016

The earnings periods of the incentive scheme are the years 2014, 2015 and 2016. Any bonus will be determined on the basis of the indicators decided annually by YIT's Board of Directors for each earnings period and their target levels. Return on investment is the key indicator in the scheme. An additional target related to the Group's cash flow was set for 2014. In 2015, the return on investment target was complemented by a target related to net debt. YIT's Board of Directors also decides on the approximately 200 key persons from different YIT countries to be included in the incentive scheme for each earnings period. The same employees are not automatically covered by the scheme during all earnings periods.

A total of approximately 650,000 shares can be rewarded annually, of which a maximum of 25,000 to the President and CEO. The shares to be granted are already held by YIT as a rule. There is a two-year commitment period associated with each earnings period, after which the shares are transferred to key persons still employed by YIT Group. Shares will be handed over in 2017, 2018 and 2019. The employer will cover the taxes and tax-like fees charged to the key employees covered by the scheme in connection with the handing over of the shares. Under all circumstances, the Board has the right to amend the bonuses in a reasonable manner.

Granted shares in the incentive plans

Year	Grant date	Maximum amount of shares	Market value at grant date, EUR
2010	April 6, 2010	700,000	17.52
2011	March 18, 2011	700,000	20.67
2012	February 29, 2012	700,000	15.80
2014	April 1, 2014	650,000	7.81
2015	March 6, 2015	650,000	5.59

Costs recognised for the share-based incentive plan

		Cost of the financial year, EUR million	
Earning period	Persons	2015	2014
2011	260		0.2
2012	250	0.5	0.4
2014	162	0.9	0.7
2015	182	0.7	
Total		**2.1**	**1.3**

The accrued liabilities related to the cash-settled part of the compensation amount to EUR 0.8 million (in 2014: EUR 0.3 million). EUR 0.4 million (in 2014: EUR 0.2 million), is related to YIT Group's Management Board.

24. Employee benefit obligations

EUR million	2015	2014
Pension benefits		
Balance sheet obligations	0.9	0.9
Income statement charge	0.0	0.0

In 2015 and 2014, the Group had defined benefit pension plans resulting from supplementary pension insurance in Finland. In all plans the pension liability has been calculated based on the number of years employed and the salary level. The pension plans are managed in insurance companies, which follow the local pension legislation in their management.

The amounts are determined as follow:

EUR million	2015	2014
Present value of funded obligations	4.2	4.3
Fair value of plan assets	-3.3	-3.4
Deficit/surplus	**0.9**	**0.9**
Present value of unfunded obligations		
Pension liability, net	**0.9**	**0.9**

Disclosed in the balance sheet as follows:

EUR million	2015	2014
Defined benefit pension obligations	0.9	0.9

The movement in the defined benefit obligation of the year

EUR million	2015	2014
At January 1	4.3	4.2
Current service cost	0.0	0.0
Interest cost	0.1	0.1
Actuarial profits/losses		0.2
Benefits paid	-0.3	-0.3
At December 31	**4.2**	**4.3**

The movement of plan assets of the year

EUR million	2015	2014
At January 1	3.4	3.4
Expected return of plan assets	0.1	0.1
Actuarial profits/losses		0.1
Employer contribution	0.1	0.0
Benefits paid	-0.3	-0.3
At December 31	**3.3**	**3.4**

Actuarial assumptions are as follows

%	2015	2014
Discount rate	2.0%	2.0%
Rate of salary increase	2.0%	2.0%
Rate of pension increases	0% / 2.1%	0% / 2.1%

Future payments

The following table presents the future payments used as the basis of the pension obligation calculations.

EUR million	2015
Due within one year	0.2
Due in 1–5 years	0.6
Due in 5–10 years	0.9
Due in 10–15 years	0.8
Due in 15–20 years	0.7
Due in 20–25 years	0.6
Due in 25–30 years	0.4
Due after more than 30 years	0.5
Total	**4.5**

25. Provisions

EUR million	Guarantee reserve	10-year commitments in construction	Provisions for loss making projects	Restructuring provisions	Legal provisions	Rental guarantee provisions	Other provisions	Total
January 1, 2015	4.8	43.4	3.8	2.3	0.0	2.9	3.7	60.9
Translation difference	-0.6	0.0	0.1	-0.3	0.0	0.0	-0.1	-0.9
Additions	2.9	7.9	0.1	2.4	0.3	0.6	1.4	15.6
Released during the period	-1.4	-5.0	-1.5	-0.5	0.0	-2.2	-3.0	-13.7
Reversals of unused provisions	-0.1	-0.0	-0.9	-0.0	-0.0	-0.0	-0.0	-0.9
December 31, 2015	**5.7**	**46.3**	**1.5**	**4.0**	**0.4**	**1.3**	**1.9**	**61.0**
Current	0.5	38.2	1.5	0.0	0.0	0.5	0.0	40.8
Non-current	5.1	8.1	0.0	4.0	0.3	0.7	1.9	20.2
Total	**5.7**	**46.3**	**1.5**	**4.0**	**0.4**	**1.3**	**1.9**	**61.0**

Provisions for contractual guarantees and for Finnish 10-year commitments in construction is determined on the basis of experience in the realisation of commitments.

Provisions for guarantees cover repair costs under the guarantee obligation that follows the completion of a construction project. Provisions for guarantees are determined on the basis of experience in the realisation of commitments.

The 10-year commitment that applies to the construction of housing and business premises in Finland is determined as a whole for all projects subject to the commitment. The amount of the provision is based on index-adjusted historical experience on the basis of experience in the realisation of commitments.

Provisions are booked for loss-making orders when the direct expenditure required to meet obligations exceeds the benefit yielded by the agreement.

Restructuring provisions include wage provisions related to employee wages totalling EUR 1.6 million.

A leasing liability is generally created when the company is under a contractual obligation to be liable for unleased premises in a project. A provision for leasing liabilities is booked when the remaining unrecognised margin of the construction project is lower than the leasing liability related to the project.

For non-current provisions, anticipated cash flows are discounted to the present time. In 2015 the effect of discounting on the total amount of the provisions was EUR -1.9 million.

26. Borrowings

Non-current liabilities

EUR million	2015 Carrying value	2015 Fair value	2014 Carrying value	2014 Fair value
Bonds	99.5	100.5	105.3	109.6
Loans from financial institutions	84.9	85.4	67.3	63.7
Pension loans	81.6	76.6	102.5	95.3
Other loans			0.0	
Finance lease liabilities	0.1		0.1	
Non-current liabilities, total	**266.1**	**262.5**	**275.2**	**268.6**

Current liabilities

EUR million	2015 Carrying value	2015 Fair value	2014 Carrying value	2014 Fair value
Bonds	105.4	107.5	105.4	106.6
Loans from financial institutions	4.8	4.8	79.7	79.7
Overdraft facility used	1.2	1.2		
Pension loans	21.0	21.0	21.0	21.0
Commercial papers	38.8	38.8	147.4	147.4
Developer contracting liabilities				
Receivables sold to financing companies [1]	140.0	140.0	176.3	176.3
Liability in housing corporation loans [2]	73.7	73.7	88.1	88.1
Other loans	0.0		2.2	2.2
Finance lease liabilities	0.1		0.1	0.1
Current liabilities, total	**385.1**	**387.0**	**620.2**	**621.4**

In the table are included all other liabilities than presented in Note 27. The fair values of bonds are based on the market price at the closing date.

The fair values of other non-current loans are based on discounted cash flows. The discount rate is defined to be the rate YIT Group was to pay for equivalent external loans at the year-end. It consists of risk free market rate and company and maturity related risk premium of 2.45–4.94% (in 2014: 2.12–4.08%) p.a., and they are classified as Level 2 in the fair value hierarchy.

[1] The construction-stage contract receivables sold to banks and other financing companies totalled EUR 259.7 million (in 2014: EUR 238.7 million) at year-end. Of this amount, EUR 140.0 million (in 2014: 176.3 million) is included in interest-bearing liabilities on the balance sheet and the remainder comprises receivables which qualify for derecognition according to IAS 39.15–37 and AG 36–52. Possible re-purchase liabilities in off-balance sheet items are related to violations in contract agreements. The interest paid on receivables sold to financing companies, EUR 3.4 million (in 2014: EUR 3.3 million), is included in net financial expenses.

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

Bonds

	Interest rate, %	Currency	Nominal value, EUR million
Floating-rate bonds			
2/2006–2016 [1]	0.349	EUR	5.4
Fixed-rate bonds			
1/2011–2016 [2]	5.300	EUR	100.0
1/2015–2020 [3]	6.250	EUR	100.0
Total			**205.4**

Terms of the bonds in brief:

[1] Loan period September 28, 2006–September 28, 2016, interest payments annually at December 28, March 28, June 28 and September 28 in arrears. Interest rate is 3-month Euribor +0.48%. Amortisations à EUR 3,570,000 semi-annually at 28 March and 28 September, starting at 28 March 2010. The loan is not secured. ISIN code SE0001826686.

[2] Loan-period June 20, 2011–June 20, 2016, interest payments annually at June 20 in arrears. The loan is not secured. ISIN code FI4000026653. In relation to the partial demerger implemented on June 30, 2013, YIT convened the holders of bonds to a noteholders' meeting. The Board of Directors proposed for decision that the holders of bonds will be credited for the impacts of the demerger so that the total actual annual interest rate for their remaining maturity from the implementation date of the partial demerger will be increased by 0.550 percentage points. The noteholders' meetings unanimously approved the proposals of YIT's Board of Directors.

[3] Loan period March 25, 2015–March 25, 2020, interest payments annually at March 25 and September 25 in arrears. The loan is not secured. ISIN code FI4000148937

Finance lease liabilities

EUR million	2015	2014
Finance lease liabilities fall due in as follows:		
Minimum lease payments		
No later than 1 year	0.1	0.1
1–5 years	0.1	0.1
Later than 5 years		
Total minimum lease payments	**0.1**	**0.2**
Present value of minimum lease payments		
No later than 1 year	0.1	0.2
1–5 years	0.1	0.1
Later than 5 years		
Total present value of minimum lease payments	**0.2**	**0.3**
Future finance charges	0.0	0.1
Finance expenses charged to income statement	0.0	0.0

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

27. Trade and other payables

Non-current liabilities

EUR million	2015 Carrying value	2014 Carrying value
Trade payables	2.9	13.9
Liabilities of derivative instruments	7.1	6.0
Other liabilities	0.4	3.0
Total non-current payables	**10.4**	**22.9**

Current liabilities

EUR million	2015 Carrying value	2014 Carrying value
Trade payables	123.1	109.6
Accrued expenses	63.7	63.3
Liabilities of derivative instruments		0.0
Accrued expenses in work in progress	90.3	83.1
Advances received	376.9	402.8
Other payables	46.2	46.0
Total current payables	**700.3**	**704.8**

Accrued expenses

EUR million	2015	2014
Accrued employee-related liabilities	33.2	33.8
Interest expenses	6.9	9.8
Other accrued expenses	23.7	19.6

The carrying value of the non-interest bearing liabilities reflects nearly the fair value of them.

Reconciliation to the Note 29 Financial assets and liabilities by category

EUR million	2015	2014
Non-current liabilities	10.4	22.9
Derivatives	-7.1	-6.0
Accrued expenses	0.0	0.0
Total	**3.3**	**16.9**
Current trade and other payables	700.3	704.8
Accrued expenses	-63.7	-63.3
Derivatives		0.0
Accrued expenses in work in progress	-90.3	-83.1
Total	**546.2**	**558.4**

28. Nominal values and fair values of derivative instruments

Nominal values

EUR million	2015	2014
Foreign exchange forward contracts	86.4	62.2
Hedge accounting applied		
Interest rate swaps	70.0	50.0
Hedge accounting not applied		
Interest rate swaps	270.0	218.0
Interest rate caps		50.0
Interest rate forward contracts, total	**340.0**	**318.0**

Fair values

EUR million	2015 Positive fair value (carrying value)	2015 Negative fair value (carrying value)	2015 Net value	2014 Positive fair value (carrying value)	2014 Negative fair value (carrying value)	2014 Net value
Foreign exchange forward contracts						
Hedge accounting applied						
Hedge accounting not applied	6.2	-0.1	6.1	4.1	-1.7	2.4
Total	**6.2**	**-0.1**	**6.1**	**4.1**	**-1.7**	**2.4**
Interest rate derivatives						
Hedge accounting applied		-0.9	-0.9		-1.1	-1.1
Hedge accounting not applied		-6.2	-6.2		-4.9	-4.9
Total		**-7.1**	**-7.1**		**-6.0**	**-6.0**

All derivatives are hedges according to the Group's financial risk management policy, but hedge accounting, as defined in IAS 39, is only applied to certain derivative contracts. Foreign exchange forward contracts are mainly designated as hedges of financial items and have been charged to P/L in financial income/expenses. The foreign exchange forward contracts' maturity dates are in 2015. The duration of the Group's interest bearing loans has been increased by interest rate derivatives. Changes in the fair value of derivatives with hedge accounting applied are recognised in the fair value reserve in equity and changes in the fair value of derivatives with hedge accounting not applied are recognised through profit or loss (Notes 27 and 29). All the interest rate derivatives to which hedge accounting is applied are long-term agreements corresponding to the maturity of the hedged liability.

The interest rate risk of sold receivables linked to the floating Euribor rate and the commercial paper portfolio has been hedged by interest rate derivatives. Changes in the fair value of these interest rate derivatives have been charged to profit/loss.

29. Financial assets and liabilities by category

2015

EUR million	Available for sale investments	Loans and other receivables	Held for trading	Derivatives/ hedge accounting	Finance liabilities	Carrying value	Fair value	Note
Valuation	**Fair value**	**Measured at amortised cost**	**Fair value**	**Fair value**	**Measured at amortised cost**			
Non-current financial assets								
Available for sale investments, listed shares	0.1					0.1	0.1	17
Available for sale investments, unlisted shares	0.3					0.3		17
Receivables								
Trade receivables and other receivables		3.7				3.7		18
Current financial assets								
Receivables								
Loan receivables		1.1				1.1	1.1	21
Trade receivables and other receivables		165.0				165.0		21
Derivatives (hedge accounting not applied)			6.1			6.1	6.1	21
Cash and cash equivalents		122.2				122.2	122.2	22
Total by valuation group	**0.4**	**292.0**	**6.1**			**298.5**	**129.5**	
Non-current financial liabilities								
Borrowings					266.1	266.1	262.5	26
Other liabilities								
Trade payables and other liabilities					3.3	3.3		27
Derivatives (hedge accounting applied)				0.9		0.9	0.9	27, 28
Derivatives (hedge accounting not applied)			6.2			6.2	6.2	27, 28
Current financial liabilities								
Borrowings					385.1	385.1	387.0	26
Trade payables and other liabilities								
Trade payables and other liabilities					546.2	546.2		27
Derivatives (hedge accounting applied)								27, 28
Total by valuation group			**6.2**	**0.9**	**1,200.7**	**1,207.8**	**656.6**	

2014

EUR million	Available for sale investments	Loans and other receivables	Held for trading	Derivatives/ hedge accounting	Finance liabilities	Carrying value	Fair value	Note
Valuation	**Fair value**	**Measured at amortised cost**	**Fair value**	**Fair value**	**Measured at amortised cost**			
Non-current financial assets								
Available for sale investments, listed shares	0.1					0.1	0.1	17
Available for sale investments, unlisted shares	0.7					0.7		17
Receivables								
Trade receivables and other receivables		2.9				2.9		18
Current financial assets								
Receivables								
Loan receivables		3.8				3.8	3.8	21
Trade receivables and other receivables		197.3				197.3		21
Derivatives (hedge accounting not applied)			2.4			2.4	2.4	21
Cash and cash equivalents		199.4				199.4	199.4	22
Total by valuation group	**0.8**	**403.4**	**2.4**			**406.6**	**205.7**	
Non-current financial liabilities								
Borrowings					275.2	275.2	268.6	26
Other liabilities								
Trade payables and other liabilities					16.9	16.9		27
Derivatives (hedge accounting applied)				1.1		1.1	1.1	27, 28
Derivatives (hedge accounting not applied)			4.9			4.9	4.9	27, 28
Current financial liabilities								
Borrowings					620.2	620.2	621.4	26
Trade payables and other liabilities								
Trade payables and other liabilities					558.4	558.4		27
Derivatives (hedge accounting applied)				0.0		0.0	0.0	27, 28
Total by valuation group			**4.9**	**1.1**	**1,470.6**	**1,476.6**	**896.0**	

30. Financial risk management

YIT Group is exposed to a variety of financial risks in its business operations. The main risks are liquidity risk, credit risk and market risks including foreign exchange and interest rate risk. The objective of the Group's financial risk management is to minimise the uncertainty which the changes in financial markets cause to the Group's financial performance.

The Board of Directors has approved a treasury policy for the Group. The Group Treasury is responsible for the practical implementation of the policy in association with the business units. In the operating units and subsidiaries the financing is carried out by financial personnel and management. Responsibilities between the Group Treasury and operating units are defined in the Group's treasury policy. Operating units are responsible for providing the Group Treasury with timely and accurate information on financial position, cash flows and foreign exchange position in order to ensure the Group's efficient risk management. In addition to the above, the Group's treasury policy defines the principles and methods for financial risk management, cash management and specific financing-related areas e.g. commercial guarantees, relationships with financiers and customer financing.

Interest rate risk

The Group has interest-bearing receivables related to cash and cash equivalents. Otherwise its revenues and operating cash flows are mostly independent of 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 the related interest rate derivatives. In addition, the Group has interest-bearing cash and cash equivalents. Loans issued at floating interest rates expose the Group to cash flow interest rate risk, which is hedged by interest rate derivatives. To manage the interest rate risk, the Board of Directors has defined a duration target of two years for loans and for the related interest rate derivative hedges. The duration may be deviated from by +/- 1.5 years upon the decision of Vice President, Group Treasurer. In order to meet the duration target, part of the loans at floating rates are converted to fixed rate using interest rate caps and swaps. At the end of 2015, the duration of loans including the hedging derivatives was 2.36 years (2014: 1.55 years).

The cash flow risk related to three floating-rate loans is hedged by using interest rate swaps. At the end of 2015, the nominal amounts of the loans hedged were EUR 15 million (2014: EUR 20 million), EUR 30 million and EUR 25 million, and their reference interest rates were 1-month Stibor, 1-month Euribor and 3-month Euribor, respectively. The hedged cash flows will be realised within three years. The hedges are effective and, according to accounting policies, changes in the fair value of interest rate swaps are recognised in the fair value reserve in equity.

In addition to non-current loans, the duration target guides the management of the cash flow interest rate risk related to receivables sold to banks and financial institutions, and the pricing of the commercial paper portfolio. Hedging decisions for this exposure are made by the Chief Financial Officer (CFO) of the Group. At the end of 2015, the Group used interest rate derivatives to hedge the cash flow risk related to sold receivables. The nominal value of the hedged items was EUR 220 million and their reference interest rates were 1-month Euribor and 3-month Euribor. In addition, the cash flow risk related to the pricing of the commercial paper portfolio, with a nominal value of EUR 50 million, linked to the 3-month Euribor on average, was hedged at the end of 2015. Hedge accounting as set out in IAS 39 is not applied and the fair value changes are recognised as financial income and expenses in the income statement in accordance with accounting policies. (Note 11)

Loans issued at fixed interest rates comprised approximately 86% (2014: approximately 66%) of the loan portfolio at the balance sheet date. The weighted average effective interest rate of the loans at fixed rate was 3.7% (2014: 2.9%). The weighted average effective interest rate of the loans at floating rates was 4.8% (2014: 3.0%). The weighted average effective interest rate of the portfolio as a whole was 3.9% (2014: 2.9%). These figures include the effect of derivative instruments. Interest rate derivatives increase the weighted average effective interest rate of the loan portfolio as a whole by 0.4 (2014: 0.2) 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 a quarterly basis (effect of one percentage point change in interest rate level on yearly net interest expenses). The effect on yearly net interest expenses would have been EUR 0.9 million net of tax in 2015 (2014: EUR 1.3 million). One percentage point change in interest rates has been used in the calculation for the loan portfolio, and the effect of the change has varied from EUR 0.4 million to EUR 1.2 million (2014: EUR 1.3–2.7 million). In addition, the effect of fair valuation of interest rate derivatives for which hedge accounting is not applied would have been EUR 6.5 million (2014: EUR 5.8 million) net of tax on the profit for the period when interest rates rise by one percentage point. If interest rates would have decreased by one percentage point, the effect would have been EUR 8.1 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:

Reprising schedule of the interest bearing net debt

EUR million	2015	2014
< 1 month	172.5	227.1
1–3 months	24.5	-278.9
3–12 months	-183.7	-152.7
1–5 years	-492.3	-491.5
> 5 years	-50.0	
Total	**-529.0**	**-696.0**

The figures in the table are nominal values. Off-balance sheet receivables sold to financial institutions amounting to EUR 119.7 million (2014: EUR 62.4 million) are not included in these IFRS figures.

A change of one percentage point in interest rates on the balance sheet date would have affected the consolidated balance sheet by EUR 0.7 million (2014: EUR 0.6 million) net of tax. The effect would have changed the fair values of the interest rate derivatives in hedge accounting, in the fair value reserve in equity.

In addition to interest-bearing net debt, the foreign exchange forward contracts associated with the intra-Group loans and the hedging of the foreign exchange risk of certain commercial contracts expose the Group's result to 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 and certain commercial contracts 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 the euro. The relatively large difference in interest rates between the euro and the Russian rouble has had a significant effect on hedging costs.

At the balance sheet date, a change of three percentage points in the interest rate differential between the euro and the Russian rouble would have had an impact of EUR 1.6 million (2014: EUR 0.8 million) on the profit for the period net of tax. The sensitivity analysis is based on the foreign exchange forward contracts outstanding at the balance sheet date.

Credit and counterparty risk

The Group's credit risk is related to clients with open balances or with long term agreements and to the counterparties to cash and cash equivalents and derivative agreements. The Group Treasury is responsible for the counterparty risk of the derivative instruments and cash and cash equivalents. Operating units are responsible for the credit risk related to operating items, such as trade receivables. Customers and the nature of the agreements differ between the Group's segments. Customer-specific credit risk management is carried out in the segments' finance departments in cooperation with the operating units.

The counterparties of financial instruments are chosen based on the management's estimate of their reliability. The Board of Directors accepts the main banks used by the Group and counterparties to the current investments and derivative instruments and their limits. According to the treasury policy, it is possible to make short-term investments related to liquidity management. No impairment has been recognised on the derivative instruments or the cash and cash equivalents in the period. The management does not expect any credit losses from counterparties to financing assets or derivative instruments.

The Group manages credit risk related to operating items by holding the ownership of constructions, like apartments and office buildings, until payment is received; taking advance payments; accelerated payment programmes of projects; payment guarantees; site-specific mortgages; credit risk insurance policies; and careful examination of clients' background information. In addition, selling of receivables to financial institutions is used in the management of the credit risk of operations. The term of payment for invoices is mainly 14 to 30 days. The background of the new customers is examined thoroughly by, for example, acquiring credit information. The Group does not have any significant concentrations of credit risk as the clientele is widespread and geographically divided into the countries in which the Group operates. Trade receivables related to sales of office buildings which are paid only when the ownership is transferred, and the related risk of insolvency of the counterparty, are typically transferred to banks and financial institutions. These transfers meet the conditions set out in IAS 39 for derecognition of financial assets.

The credit losses and the provision for impairment of receivables were EUR 0.2 million. In 2015 there were no significant credit losses or provisions for impairment of receivables. The operating units are not expecting any unusual credit risk arising from trade receivables or construction contracts.

As a result of the partial demerger registered on 30 June 2013, YIT Corporation bears secondary liability amounted EUR 42.0 million for certain Group and bank guarantees transferred to Caverion Corporation if Caverion cannot cope with these obligations.

Analysis of trade receivables

	2015			2014		
EUR million	Carrying value	Impaired	Gross	Carrying value	Impaired	Gross
Not past due [1]	92.7		92.7	107.7		107.7
1–90 days	6.4	-0.1	6.5	6.2	-0.1	6.3
91–180 days	2.4	-0.1	2.5	1.0		1.0
181–360 days	1.2	-0.2	1.4	1.2	-0.1	1.3
over 360 days	2.2	-0.4	2.6	2.2	-0.7	3.0
Total	**104.9**	**-0.8**	**105.7**	**118.3**	**-0.9**	**119.3**

[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.

Set-off arrangements for financial instruments

a) Assets

				Amounts related to assets that have not been set off on the balance sheet		
EUR million	Gross amount of the item	Amount set-off on the balance sheet	Amount shown on the balance sheet	Financial instruments	Cash collateral	Net
December 31, 2015						
Exchange rate derivatives	6.2	-0.1	6.1			6.1
Interest rate derivatives	0.0	0.0	0.0			0.0
Trade receivables	104.9		104.9			104.9
December 31, 2014						
Exchange rate derivatives	4.1	-1.7	2.4			2.4
Interest rate derivatives	0.0	0.0	0.0			0.0
Trade receivables	118.4		118.4			118.4

b) Liabilities

				Amounts related to assets that have not been set off on the balance sheet		
EUR million	Gross amount to of the item	Amount set-off on the balance sheet	Amount shown on the balance sheet	Financial instruments	Cash collateral	Net
December 31, 2015						
Exchange rate derivatives	0.1	-0.1	0.0			0.0
Interest rate derivatives	7.1	0.0	7.1			7.1
Trade receivables	125.9		125.9			125.9
December 31, 2014						
Exchange rate derivatives	1.7	-1.7	0.0			0.0
Interest rate derivatives	6.0	0.0	6.0			6.0
Trade receivables	123.5		123.5			123.5

A set-off arrangement that can be implemented is related to derivative assets and liabilities. If such a choice is not made, financial assets and liabilities are settled in gross amounts, but both parties of a general set-off arrangement are entitled to the net settlement of all such monetary amounts if the other party neglects to fulfil its obligations.

Liquidity risk

The management continuously evaluates and monitors 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 a financial budget prepared every six months, a monthly financial forecast and short-term, timely cash planning. The Group Treasury is responsible for the adequacy of funding, the availability of different sources of funding and the controlled maturity profile of external loans. When making decision about a new loan it should be made sure, according to treasury policy, that only 1/4 of the loan portfolio can mature over one calendar year, in order to minimize refinancing risk. When the amount of maturing loans is calculated, commercial papers, receivables sold to banks or housing company loans are not taken into account.

The Group uses cash and cash equivalents, Group accounts with overdraft facilities, financing credit facilities, commercial paper programmes and bond programmes to manage the liquidity risk. On the balance sheet date, YIT had the entire undrawn EUR 300 million credit facility and EUR 63.2 million of overdraft facilities available. The credit facility is valid until January 2018. YIT's cash reserves amounted to EUR 122.2 million (2014: EUR 199.4 million) at the end of 2015. The substantial liquidity buffer, combined with financing arrangements currently being prepared, is estimated to cover refinancing needs in 2016. The management and acquisition of the Group's funding is centralised to the Group Treasury. As the cash management is centralised to the Group Treasury, the use of liquid funds can be optimised between the different units of the Group.

The table on the next page describes the contractual maturities of the financial liabilities. The amounts are undiscounted. The interest flows of floating-rate loans and derivative instruments are based on interest rates prevailing on December 31, 2015 (December 31, 2014 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.

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 on 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 net investments in foreign operations are not hedged from the changes in foreign exchange rates. Part of the loans given to Russian subsidiaries by the Group are considered to form part of net investments. These loans are included in net investments in the next table.

The change in foreign exchange rates decreased the value of the Group's net investments in equity by EUR 32.9 million compared to the end of the previous year. An increase or decrease of 20 percentage points in the euro exchange rate against other currencies would have had an impact of EUR 52.0 million on translation differences under consolidated shareholders' equity at the balance sheet date.

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2015

EUR million	2016	2017	2018	2019	2020	2021–	Total	Note
Bonds	115.8	6.2	6.2	6.2	103.0		237.4	26, 29
Loans from financial institutions	8.7	80.6	4.7				94.0	26, 29
Pension loans	22.7	22.2	9.8	52.3			107.0	26, 29
Receivables sold to banks/financial institutions [1)]	109.0	32.4					141.4	26, 29
Finance lease liabilities	0.1	0.1					0.1	26, 29
Other financial liabilities [2)]	73.7						73.7	26, 29
Commercial papers	39.0						39.0	26, 29
Trade and other payables	546.2						546.2	27, 29
Interest rate derivatives								
Hedge accounting applied	0.6	0.4	0.1				1.0	27, 28, 29
Hedge accounting not applied	2.3	2.2	1.7	1.1	0.6	0.1	8.0	27, 28, 29
Foreign currency derivatives								
cash outflow	-81.5	-5.0					-86.5	27, 28, 29
cash inflow	87.4	5.2					92.6	27, 28, 29

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2014

EUR million	2015	2016	2017	2018	2019	2020–	Total	Note
Bonds	115.0	110.2					225.2	26, 29
Loans from financial institutions	83.7	8.1	57.1	4.7			153.6	26, 29
Pension loans	23.0	22.5	22.1	9.7	52.3		129.6	26, 29
Receivables sold to banks/financial institutions [1)]	155.8	23.7					179.5	26, 29
Finance lease liabilities	0.1	0.1					0.2	26, 29
Other financial liabilities [2)]	89.4						89.4	26, 29
Commercial papers	148.0						148.0	26, 29
Trade and other payables	558.4						558.4	27, 29
Interest rate derivatives								
Hedge accounting applied	0.0	0.0	0.0				0.0	27, 28, 29
Hedge accounting not applied	1.6	1.6	1.3	0.6	0.1		5.2	27, 28, 29
Foreign currency derivatives								
cash outflow	-63.9						-63.9	27, 28, 29
cash inflow	66.3						66.3	27, 28, 29

1) Receivables sold to banks and financial institutions are related to residential development projects and they are set off by housing corporation loans withdrawn upon the completion of construction and by payments made by the buyers of the residential units.
2) Includes the shares in the housing corporation loans of unsold completed residential projects which are transferred to the buyers of residential units in conjunction with the sale.

Foreign currency denominated net investments at the balance sheet date

EUR million	2015 Net investment	2014 Net investment
RUB	339.0	323.5
CZK	23.1	27.0
PLN	4.7	

According to the Group's treasury policy, the business units and the subsidiaries are responsible for identifying the foreign exchange risk related to their foreign currency denominated cash flows and reporting it to the Group Treasury. All firm commitments must be hedged unless the Group CFO decides otherwise. Hedging by business units is performed by intra-Group transactions with the parent company as the counterparty. The Group Treasury hedges the Group net position and takes care of all external hedging transactions. The Group does not apply hedge accounting as set out in IAS 39 to hedge its foreign exchange risk. Accordingly, the fair value changes in derivative instruments are recognised in the consolidated income statement according to the accounting policies. In 2015, the most significant currency related to commercial agreements and their hedges was the Russian rouble. If the euro had strengthened by 20 percentage points against the Russian rouble at the balance sheet date, the fair valuation of the foreign exchange forward contracts related to commercial agreements would have caused a foreign exchange loss of EUR 0.7 million net of tax.

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 and currency options, if necessary. The most significant currency used in intra-Group loans is the Russian rouble.

In addition to the foreign exchange differences due to derivatives not included in hedge accounting, the strengthening or weakening of the euro would not have had a material impact on the result of the Group if the translation difference in consolidation is not considered. The sensitivity analysis takes into consideration the foreign exchange derivative contracts made for hedging both the internal and external loans and receivables which offset the effect of changes in foreign exchange rates.

The Group's external loans

	External loans		Adjusted by derivative contracts	
EUR million	2015	2014	2015	2014
EUR	736.1	917.2	675.2	854.3
RUB	21.1	22.1	81.5	78.5
SEK	14.4	18.8		
CZK			14.8	25.3
PLN	0.1		0.1	
Total	**771.6**	**958.1**	**771.6**	**958.1**

The 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. The Group's capital risk management aims to safeguard its long-term ability to continue as a going concern, to increase shareholder value and secure the company's ability to pay dividends.

In YIT's business operations capital is particularly tied up in plot reserves, their development and ongoing construction production. In business where investments are small, such as infrastructure construction, the objective is effective turnover of net working capital. In the more capital-intensive business operations, such as residential development projects and real estate development projects, capital investments must be adjusted according to the market conditions by decreasing or increasing the number of plot investments and project start-ups. One of YIT's key priorities is to improve capital efficiency. In the period under review, capital was released by measures such as the active investor sales of completed apartments, the continuation of plot co-operation with plot funds and concluding agreements on the sale of slow-moving assets.

By the end of December, approximately 80% of the ongoing EUR 380 million capital release programme had been achieved, in addition to which the Group had recognised write-downs on EUR 9 million in slow-moving assets. The aim is to complete the capital release programme in 2016. The amount and structure of capital is also controlled by adjusting the amount of dividend, acquiring the company's own shares, issuing new shares or selling assets in order to reduce debt.

YIT monitors its capital structure on the basis of the equity ratio. The strategic goal for YIT's equity ratio set by the Board of Directors is 40% (POC).

The Group's equity ratio has been the following:

EUR million (POC)	2015	2014
Equity	548.5	587.2
Balance sheet total	1,741.4	1,968.3
./. Advances received	-195.6	-155.8
Capital	**1,545.8**	**1,812.5**
Equity ratio %	35.5%	32.4%

YIT Corporation's credit facility and bank loan agreements, as well as the bond issued in 2015, include a financial covenant linked to YIT's equity ratio. In addition, the credit facility agreement and two bank loan agreements include a covenant linked to YIT's gearing. The financial covenants require an IFRS equity ratio of at least 25 per cent and a gearing ratio under 150 per cent. The covenants were not breached during the financial period. The Group's IFRS equity ratio was 32.9 per cent and gearing 101.1 per cent on the balance sheet date.

Fair value estimation

The Group measures the fair value measurement hierarchy as follows:

Level 1: The fair values of financial instruments are based on quoted prices in active markets. A market can be considered active if quoted prices are regularly available and the prices represent the actual value of the instrument in liquid trading.

Level 2: Financial instruments are not traded in active and liquid markets. The value of a financial instrument can be determined based on market value and potentially partially derived value measurement. If, however, the factors affecting the fair value of the instrument are available and observable, the instrument belongs to level 2.

Level 3: The valuation of a financial instrument is not based on observable market data, and other factors affecting the fair value of the instrument are not available and observable.

The following table presents the Group's assets and liabilities that are measured at fair value and their levels.

Assets

	2015		2014	
EUR million	Level 1	Level 2	Level 1	Level 2
Available-for-sale investments	0.1		0.1	
Derivatives (hedge accounting not applied)		6.2		2.4
Total assets	**0.1**	**6.2**	**0.1**	**2.4**

Liabilities

	2015		2014	
EUR million	Level 1	Level 2	Level 1	Level 2
Derivatives (hedge accounting not applied)		6.3		4.9
Derivatives (hedge accounting applied)		0.9		1.1
Total liabilities		**7.2**		**6.0**

In the past financial year, there were no transfers between level 1 and level 2. At the balance sheet date, the Group had no assets categorised at level 3.

Specific valuation techniques used to value financial instruments include: the use of quoted market prices or dealer quotes for similar instruments; the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date; the fair value of the remaining financial instruments is determined using discounted cash flow analysis. All the resulting fair value estimates are included in level 2 except for unlisted equity securities and holdings.

31. Other lease agreements

YIT Group as lessee

The future minimum lease payments under non-cancellable operating leases:

EUR million	2015	2014
No later than 1 year	20.9	23.6
1–5 years	76.4	72.1
Later than 5 years	29.6	46.5
Total	**126.9**	**142.2**

The lease payments of non-cancellable operating leases charged to the income statement in 2015 amounted to EUR 23.5 million (in 2014: EUR 23.7 million).

The YIT group has leased the office facilities in use. The operating lease agreements of office facilities have a period of validity of up to 8 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 also include the liabilities of operating lease agreements of employee cars, which have the average duration of four years. The Group has also sold plots and transferred preliminary agreements for the sale of plots to funds. YIT will continue its project development and construction on the plots and pay rent to the funds for the plots. The minimum lease payments for these plot leases have been calculated until the probable start time. They are included in the figures in the above table, and they total EUR 14.8 million (2014: EUR 4.0 million).

YIT Group as lessor

The future minimum lease receivables under non-cancellable operating leases:

EUR million	2015	2014
No later than 1 year	6.4	6.3
1–5 years	18.4	18.9
Later than 5 years	12.5	15.1
Total	**37.3**	**40.3**

The Group has primarily subleased business premises it leases from others. The operating lease agreements of office facilities have a period of validity of up to eight years. The index, renewal and other terms of the lease agreements of office facilities vary. Most of the agreements include the possibility of continuing after the initial expiry date. The minimum lease amount is calculated until the earliest possible date of termination.

32. Commitments and contingent liabilities

EUR million	2015	2014
Guarantees on behalf of associated companies and joint ventures	5.0	6.8
Other commitments		
Rental guarantees for clients	7.1	1.4
Investment commitments		
Purchase commitments	396.5	490.9

As a result of the partial demerger registered at 30 June 2013, YIT Corporation has secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 42.0 million at December 31, 2015 (at December 31, 2014: EUR 114.8 million).

YIT Corporation has guaranteed obligations of its subsidiaries. At December 31, 2015, the total amount of these guarantees was EUR 1,058.5 million (at December 31, 2014: EUR 961.9 million).

The Group is involved in legal proceedings in preparation and pending that are connected to ordinary operations and whose outcomes are difficult to predict. It is the understanding of the Group that the legal proceedings do not have a significant effect on the Group's result.

Repurchase commitments are primarily preliminary agreements for plot acquisition, which are realised when conditions specified in the preliminary agreement are met, such as the confirmation of the area plan.

33. Subsidiaries

Excluding the real estate companies presented in inventories

Name	Domicile	Nature of business	Ownership of the parent company	Ownership of the Group	Ownership of non-controlling interest
Shares in subsidiaries, owned by the parent company					
YIT Construction Ltd	Helsinki	Construction	100.00%	100.00%	
YIT Equipment Ltd	Urjala	Construction machinery and equipment rental	100.00%	100.00%	
YIT Information Services Oy	Helsinki	IT services	100.00%	100.00%	
YIT IT East Oy	Helsinki	Holding company		100.00%	
LLC YIT Information Systems	St. Petersburg	IT services		100.00%	
Shares in subsidiaries, owned by YIT Construction Ltd					
AS YIT Ehitus	Tallinn	Construction		100.00%	
AS Koidu Kinnisvara	Tallinn	Construction		100.00%	
SIA YIT Celtnieciba	Riga	Construction		100.00%	
YIT Invest Export Oy	Helsinki	Holding company		100.00%	
JSC YIT Moskovia	Moscow	Construction		100.00%	
LLC YIT-Service	Moscow	Property maintenance		100.00%	
JSC YIT Stroi	Moscow	Construction		100.00%	
LLC YIT Service	St. Petersburg	Property maintenance		100.00%	
Urepol Oy	Helsinki	Holding company		100.00%	
JSC YIT Don	Rostov	Construction		100.00%	
LLC SP YIT Don	Rostov	Construction		100.00%	
LLC YIT Service Don	Rostov	Property maintenance		100.00%	
AB YIT Kausta	Kaunas	Construction		100.00%	
UAB YIT Kausta Bustas	Vilnius	Construction		100.00%	
YIT Salym Development Oy	Helsinki	Holding company		100.00%	
CJSC YIT Saint-Petersburg	St. Petersburg	Construction		100.00%	
Tortum Oy Ab	Helsinki	Holding company		100.00%	

Name	Domicile	Nature of business	Ownership of the parent company	Ownership of the Group	Ownership of non-controlling interest
JSC YIT Uralstroi	Yekaterinburg	Construction		99.96%	0.04%
CJSC YIT Comfort	Yekaterinburg	Construction		99.96%	0.04%
LLC Ural YIT Service	Yekaterinburg	Property maintenance		99.96%	0.04%
LLC YIT Tyumen	Tyumen	Construction		99.96%	0.04%
Finn-Stroi Oy	Helsinki	Holding company		100.00%	
JSC YIT CityStroi	Moscow	Construction		94.29%	5.71%
LLC Hetber	Moscow	Construction		94.29%	5.71%
LLC Emerkom-Spetstroi	Moscow	Construction		94.29%	5.71%
LLC YIT CityService	Moscow	Property maintenance		94.29%	5.71%
CJSC TPK Strojmaterialy	Moscow	Construction		100.00%	
YIT Jupiter Oy	Helsinki	Holding company		100.00%	
YIT Mars Oy	Helsinki	Holding company		100.00%	
YIT Saturnus Oy	Helsinki	Holding company		100.00%	
YIT Sirius Oy	Helsinki	Holding company		100.00%	
CJSC YIT VDSK	Voskresensk	Construction		90.00%	10.00%
YIT Uranus Oy	Helsinki	Holding company		100.00%	
CJSC YIT Properties	Moscow	No business		100.00%	
YIT Neptunus Oy	Helsinki	Holding company		100.00%	
LLC YIT Kazan	Kazan	Construction		100.00%	
LLC YIT Service Kazan	Kazan	Property maintenance		100.00%	
YIT Stavo s.r.o [1)]	Prague	Construction		85.00%	15.00%
YIT Reding a.s.	Bratislava	Construction		100.00%	
Gala Residence s.r.o.	Bratislava	Construction		100.00%	
YIT Development SP.Z.O.O	Warsaw	Construction		100.00%	

[1)] YIT Group's share in YIT Stavo s.r.o is 100% in IFRS accounting, because the minority share of 15% YIT is assessed to be a share based payment to the management.

34. Related party transactions

The Group's related parties include key executives, associated companies, joint ventures, and companies outside of the Group that a person in an executive position in the YIT Group can be expected to exercise influence over. Key executives include the members of the Board of Directors and the Management Board.

EUR million	2015	2014
Sales of goods and services		
Associates and joint ventures	32.3	26.7
Purchases of goods and services		
Other related parties	8.7	6.1
Trade and other receivables		
Associates and joint ventures	0.1	0.0
Other related parties	0.8	1.7
Trade and other payables		
Associates and joint ventures	2.3	0.0
Other related parties	1.4	

Goods and services to related parties are sold on the basis of price lists in force with non-related parties.

Key management compensation

EUR million	2015	2014
Salaries and other short-term employee benefits	2.6	2.0
Termination benefits	1.9	1.8

Includes the salaries and benefits of the President and CEO, the Deputy to the President and CEO and the members of the Group Management Board.

Salaries and fees

EUR	2015	2014
President and CEO	655,566	547,871
Deputy to President and CEO	433,455	352,727
Board of Directors		
Henrik Ehrnrooth [1]		17,600
Reino Hanhinen	87,450	84,550
Kim Gran	68,250	64,950
Satu Huber	53,950	55,050
Erkki Järvinen [2]	55,050	55,600
Juhani Pitkäkoski [3]	55,050	42,800
Teuvo Salminen [4]	55,050	42,800
Board of Directors, total	**374,800**	**363,350**

[1] Henrik Ehrnrooth was a member of the Board of Directors and the Personnel Committee until March 18, 2014.
[2] Erkki Järvinen has been a member of the Board of Directors and the Audit Committee as of March 15, 2013.
[3] Juhani Pitkäkoski has been a member of the Board of Directors as of March 18, 2014.
[4] Teuvo Salminen has been a member of the Board of Directors as of March 18, 2014.

Pension, retirement age and right to dismiss

The contractual retirement age of the President and CEO and the Executive Vice President and deputy to the CEO has been set at 62. In other respects, the statutory retirement ages apply to the members of the Management Board. The contractual pension of the CEO and his deputy amounts to 60% of salary accounted according to Finnish employment pension law. The pension scheme is benefit-based. The contractual period of notice is for 6–12 months. If the company terminates the contract, the CEO and his deputy shall also be paid separate compensation amounting to 12 months' salary.

Accrual-based pension expenditure in 2015

	2015		2014	
EUR million	Statutory pensions	Supplementary pension security	Statutory pensions	Supplementary pension security
President and CEO	0.1	0.0	0.1	0.0
Deputy to the President and CEO	0.1	0.0	0.1	0.0
Total	**0.2**	**0.0**	**0.2**	**0.0**

The members of the Board of Directors are not insured in terms of TyEL (Employees' Pensions Act) or supplementary pension for their meeting fees.

Loans to related parties

There are no loans to related parties in the end of financial year.

Parent company Income statement, FAS

Parent company Income statement, FAS

EUR million	Note	2015	2014
Revenue			
Other operatin income	2	27.0	26.2
Personnel expenses	3	-11.9	-10.8
Depreciation and value adjustments	4	-1.1	-1.1
Other operating expenses		-29.2	-32.4
Operating loss		**-15.1**	**-18.0**
Financial income and expenses	5	20.4	-24.0
Profit before extraordinary items		**5.2**	**-41.9**
Extraordinary items	6	-0.7	42.0
Profit before taxes		**4.5**	**0.1**
Change in depreciation difference	7	-0.0	-0.3
Income taxes	8	-0.0	-0.2
Net profit for the financial period		**4.5**	**-0.5**

Parent company Balance sheet, FAS

EUR million	Note	2015	2014
Assets			
Non-current assets			
Intangible assets	9		
Intangible rights		0.3	0.3
Other capitalize expenditure		2.1	2.2
Advance payments		0.3	0.2
Total intangible assets		2.8	2.7
Tangible assets	9		
Land and water areas		1.2	1.3
Buildings and structures		2.3	2.5
Machinery and equipment		0.5	0.3
Other tangible assets		0.1	0.1
Total tangible assets		4.0	4.1
Investments	10		
Shares in Group companies		328.3	288.3
Other shares and holdings		0.1	0.1
Total investments		328.4	288.5
Total non-current assets		**335.2**	**295.2**
Current assets			
Long-term receivables	11		
Receivables from group companies		380.6	411.4
Receivables	11		
Trade receivables		0.1	0.1
Receivables from group companies		341.2	413.1
Other receivables		0.5	0.5
Accrued income		12.8	12.1
Total receivables		735.2	837.1
Current investments	12	0.0	0.0
Cash and cash equivalents		104.3	167.4
Total current assets		**839.5**	**1,004.5**
Total assets		**1,174.7**	**1,299.7**

EUR million	Note	2015	2014
Equity and liabilities			
Equity	13		
Share capital		149.2	149.2
Non restricted equity reserve		8.3	8.4
Retained earnings		291.0	314.1
Net profit for the financial year		4.5	-0.5
Total equity		**453.0**	**471.2**
Appropriations	13		
Accumulated depreciation difference		0.4	0.3
Provisions	14	**1.4**	**1.5**
Liabilities			
Non-current liabilities	16		
Bonds		100.0	105.4
Loans from credit institutions		85.0	67.5
Pension loans		81.8	102.8
Total non-current liabilities		266.8	275.7
Current liabilities	17		
Bonds		105.4	105.4
Loans from credit institutions		4.8	79.7
Pension loans		21.0	21.0
Advances received		0.0	0.0
Trade payables		1.1	1.6
Current liabilities to group companies		271.8	183.5
Other current liabilities		40.0	148.4
Accrued expenses		9.0	11.5
Total current liabilities		453.2	551.1
Total liabilities		**720.0**	**826.8**
Total equity and liabilities		**1,174.7**	**1,299.7**

Parent company Cash flow statement, FAS

EUR million	2015	2014
Cash flow from operating activities		
Profit / loss before extraordinary items	5.2	-41.9
Adjustments for:		
Depreciations	1.1	1.1
Reversal of accrual-based items		0.0
Gains and losses on the sale of tangible and intangible assets	-0.3	-0.2
Financial income and expenses	-20.4	23.9
Cash flow before change in working capital	-14.4	-17.1
Change in working capital		
Change in trade and other receivables	-4.6	-1.7
Change in trade and other payables	0.0	-1.3
Net cash flow from operating activities before financial items and taxes	-19.0	-20.1
Purchase of treasury shares	-0.1	-0.1
Interest paid	-66.7	-79.6
Dividends received	0.0	0.0
Interest received and financial income	93.1	47.6
Taxes paid	2.5	-1.3
Net cash generated from operating activities	**9.8**	**-53.5**
Cash flow from investing activities		
Purchases of tangible and intangible assets	-1.2	-1.9
Proceeds from sale of tangible and intangible assets	0.4	0.6
Increase in investments	-70.0	-55.0
Proceeds from sale of other investments	0.0	0.0
Net cash used in investing activities	**-70.8**	**-56.3**

EUR million	2015	2014
Cash flow from financing activities		
Change in loan receivables	18.0	151.1
Change in current loans	39.1	3.0
Proceeds from borrowings	125.0	177.4
Repayment of borrowings	-203.9	-109.8
Dividends paid and other distribution of assets	-22.6	-47.7
Group contributions received	42.0	67.4
Net cash used in financing activities	**-2.4**	**241.4**
Net change in cash and cash equivalents	**-63.4**	**131.6**
Cash and cash equivalents at the beginning of the financial year	167.4	35.8
Cash and cash equivalents transferred in merger	-0.3	
Cash and cash equivalents at the end of the financial year	104.3	167.4

Notes to the Parent company financial statements

1. Parent company accounting principles

YIT Corporation's financial statements are prepared in accordance with the principles of Finnish accounting legislation. The financial statements are prepared for 12 months in the financial period January 1 – December 31, 2015.

Items denominated in foreign currencies

Foreign currency business transactions are recognised at the exchange rate of the transaction date. Receivables and liabilities denominated in foreign currencies open on the closing date are valued at the exchange rate of the closing date. Changes in the value of foreign currency denominated loans, deposits and other balance sheet items are recognised under financial income and expenses in the income statement.

Derivative instruments

Foreign currency forward contracts are valued at the exchange rate of the closing date on the balance sheet, and changes in their value are booked under financial income and expenses in the income statement. Interest related to interest rate swaps are recognised under interest income and expenses in the income statement, and interest accrued is entered under accrued income and accrued expenses on the balance sheet.

Non-current assets and depreciation

Tangible and intangible assets are recognised on the balance sheet at historical cost less depreciation according to plan. Depreciation according to plan is calculated as straight-line depreciation on the basis of the estimated economic service life of tangible and intangible assets.

Depreciation periods are as follows:

Intangible assets	
Goodwill	5 years
IT programs	5 years
Other capitalised expenditure	5–10 years
Tangible assets	
Buildings	40 years
Structures	5–10 years
Machinery and equipment	3–10 years

Subsidiary shares and other shares and holdings included in investments under non-current assets are measured at historical cost or fair value, whichever is lower.

Provisions

Provisions represent future expenses to the payment of which the parent company is committed and which are not likely to generate corresponding income, or future losses the realisation of which must be considered evident.

Management of financial risks and instruments

The management of YIT's financial risks is focused on the Group Treasury in the parent company. The financial risk management principles are presented in the notes to the consolidated financial statements in the section Financial risk management.

Cash and cash equivalents

The cash and cash equivalents in the cash flow statement consist of cash, bank deposits that can be withdrawn on demand and other short-term liquid investments.

Changes in the fair value of hedging instruments used to hedge foreign currency denominated loans, deposits or other balance sheet items are recognised under financial items in the income statement.

Research and development expenses

Research and development expenses are entered as an annual expense in the year they arise.

Pensions

The statutory pension security in the parent company is provided by an external pension insurance company. Pension expenditure is expensed in the year it accrues.

Leasing

Lease payments are entered under other operating expenses. The remaining lease payments under lease agreements are recognised under liabilities in the notes. The terms and conditions of lease agreements are not different from the ordinary terms and conditions.

Extraordinary income and expenses

Group contributions given and received, and gains and losses on mergers, are recognised under extraordinary income and expenses.

Taxes

The income tax row in the income statement includes the taxes for previous periods. Deferred taxes have not been booked.

2. Other operating income

EUR million	2015	2014
Capital gains on disposals of fixed assets	0.3	0.2
Rent income	16.2	15.8
Service income	10.3	10.1
Other	0.2	0.1
Total	**27.0**	**26.2**

3. Information concerning personnel and key management

EUR million	2015	2014
Personnel expenses		
Wages, salaries and fees	9.4	8.6
Pension expenses	1.6	1.5
Other indirect personnel costs	0.9	0.6
Total	**11.9**	**10.7**
Salaries and fees to the management		
President and executive Vice President	1.1	0.9
Members of the Board of Directors	0.4	0.4
Total	**1.5**	**1.3**

	2015	2014
Average personnel	127	126

Audit fees

EUR million	2015	2014
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit fee	0.2	0.2
Statements	0.0	0.0
Tax services	0.0	0.0
Other services	0.1	0.1
Total	**0.3**	**0.3**

4. Depreciation and value adjustments

EUR million	2015	2014
Depreciation on other capitalised expenditures	0.7	0.7
Depreciation on buildings and structures	0.2	0.2
Depreciation on machinery and equipment	0.2	0.1
Depreciation on other tangible assets		0.0
Total	**1.1**	**1.0**

5. Financial income and expenses

EUR million	2015	2014
Dividend income		
From Group companies		0.0
From others	0.0	0.0
Total	**0.0**	**0.0**
Interest income from non-current investments		
From Group companies	13.5	7.9
Other interest and financial income		
From Group companies		
Interest and other financial income	36.9	8.1
Exchange rate gain	5.4	
From other companies	0.2	0.2
Total	**42.5**	**8.3**
Other interest and financial expenses		
Interest expenses to Group companies		
Interest expenses	-1.9	-0.2
Exchange rate loss	-46.0	-1.8
Interest expenses on derivatives	-2.4	-2.1
Interest expenses to others	-20.4	-19.4
Other expenses to others	-5.7	-4.2
Total	**-76.4**	**-27.7**
Exchange rate gains	45.9	45.5
Fair value change in derivatives	3.7	1.1
Exchange rate losses	-8.8	-59.1
Total	**40.8**	**-12.5**
Total financial income and expenses	**20.4**	**-24.0**

6. Extraordinary items

EUR million	2015	2014
Extraordinary income		
Group contributions	9.8	42.0
Gain on merger	0.3	
Extraordinary expenses		
Loss on merger	-10.8	
Total	**-0.7**	**42.0**

7. Appropriations

EUR million	2015	2014
The accumulated difference between the depreciation	0.0	0.3

8. Income taxes

EUR million	2015	2014
Income taxes on extraordinary items	-2.0	-8.4
Income taxes on operating activities	2.0	8.4
Income taxes on previous years	0.0	-0.2
Total	**0.0**	**-0.2**

9. Changes in fixed assets

Intangible assets

EUR million	2015	2014
Intangible rights		
Historical cost at Jan 1	0.3	0.3
Book value at December 31	**0.3**	**0.3**
Other capitalized expenditures		
Historical cost at Jan 1	15.9	14.4
Increases	0.7	1.5
Decreases	0.0	0.0
Historical cost at Dec 31	16.6	15.9
Accumulated depreciation and value adjustments Jan 1	13.8	13.1
Depreciation for the period	0.7	0.7
Accumulated depreciation and value adjustments Dec 31	14.5	13.8
Book value at December 31	**2.1**	**2.1**
Advance payments		
Historical cost at Jan 1	0.2	
Increase	0.1	0.2
Book valuet at December 31	**0.3**	**0.2**
Total intangible assets	**2.7**	**2.6**

Tangible assets

EUR million	2015	2014
Land and water areas		
Historical cost at Jan 1	1.3	1.4
Decrease	-0.1	-0.1
Book value at December 31	**1.2**	**1.3**
Buildings and structures		
Historical cost at Jan 1	7.0	8.0
Increase		0.1
Decreases	-0.1	-1.1
Historical cost at Dec 31	6.9	7.0
Accumulated depreciation and value adjustments Jan 1	4.5	5.1
Accumulated depreciation of decreases	-0.1	-0.8
Depreciation for the period	0.2	0.2
Accumulated depreciation and value adjustments Dec 31	4.6	4.5
Book value at December 31	**2.3**	**2.5**
Machinery and equipment		
Historical cost at Jan 1	10.7	10.6
Increases	0.3	0.1
Historical cost at Dec 31	11.0	10.7
Accumulated depreciation and value adjustments Jan 1	10.4	10.3
Depreciation for the period	0.1	0.1
Accumulated depreciation and value adjustments Dec 31	10.5	10.4
Book value at December 31	**0.5**	**0.3**

Tangible assets

EUR million	2015	2014
Other tangible assets		
Historical cost at Jan 1	0.9	0.9
Historical cost at Dec 31	0.9	0.9
Accumulated depreciation and value adjustments Jan 1	0.8	0.8
Depreciation for the period		0.0
Accumulated depreciation and value adjustments Dec 31	0.8	0.8
Book value at December 31	**0.1**	**0.1**
Total tangible assets	**4.1**	**4.2**

10. Investments

EUR million	2015	2014
Shares in Group companies		
Historical cost at Jan 1	288.3	233.3
Increases	70.0	55.0
Decreases	-30.0	
Historical cost at Dec 31	**328.3**	**288.3**
Other shares and holdings		
Historical cost at Jan 1	0.1	0.1
Historical cost at Dec 31	**0.1**	**0.1**
Total investments	**328.4**	**288.4**

11. Receivables

Non-current receivables

EUR million	2015	2014
Receivables from Group companies		
Loan receivables	380.6	411.4

Current receivables

EUR million	2015	2014
Receivables from group companies		
Trade receivables	8.7	4.0
Loan receivables	314.0	341.9
Other receivables	10.6	65.0
Accrued income	7.7	2.2
Total	**341.0**	**413.1**
Accrued receivables, intra-group		
Accrued interest receivables	4.7	1.3
Exchange rate derivatives	0.2	0.5
Other receivables	2.9	0.4
Total	**7.8**	**2.2**
Accrued receivables, group external		
Exchange rate derivatives	6.1	2.4
Accrued tax receivables	4.3	6.8
Other receivables	2.4	2.9
Total	**12.8**	**12.1**
Other receivables. group external	0.5	0.5

12. Cash and cash equivalents

Current investments

EUR million	2015	2014
Carrying value	0.0	0.0
Market value	0.0	0.0
Difference	**0.0**	**0.0**

13. Equity

EUR million	2015	2014
Share capital		
Share capital Jan 1	149.2	149.2
Share capital Dec 31	**149.2**	**149.2**
Non restricted equity reserve		
Non restricted equity reserve Jan 1	8.4	8.4
Share issue	-0.1	-0.1
Non restricted equity reserve Dec 31	**8.3**	**8.4**
Retained earnings		
Retained earnings Jan 1	313.6	361.8
Dividends paid and other distribution of assets	-22.6	-47.7
Retained earnings Dec 31	**291.0**	**314.1**
Net profit for the financial period	4.5	-0.5
Total retained earnings	**295.5**	**313.6**
Total equity	**453.0**	**471.2**

Distributable funds at Dec 31.

EUR million	2015	2014
Non restricted equity reserve	8.3	8.4
Retained earnings	291.0	314.1
Net profit for the financial period	4.5	-0.5
Distributable fund from shareholders' equity	**303.8**	**322.0**

Treasury shares of YIT Oyj

	2015	2014
Amount	1,644,581	1,639,460
% of total share capital	1.29%	1.29%
% of voting rights	1.29%	1.29%

Appropriations

EUR million	2015	2014
Accumulated depreciation difference Jan 1	0.3	0.0
Increase		0.3
Accumulated depreciation difference Dec 31	**0.3**	**0.3**

14. Provisions

EUR million	2015	2014
Other provisions	1.4	1.5

15. Deferred tax receivables and liabilities

Deferred tax receivables

EUR million	2015	2014
Postponed depreciation	0.1	0.1
Other temporary differences	0.3	0.3
Total	**0.4**	**0.4**

Deferred tax liabilities

EUR million	2015	2014
Accumulated depreciation difference	0.1	0.1

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

16. Non-current liabilities

Bonds

EUR million	2015	2014
Fixed-rate bond 1/2011, 2011–2016, interest 5.300%	0.0	100.0
Fixed-rate bond 1/2015, 2015–2020, interest 6.250%	100.0	
Floating-rate bond 2/2006, 2006–2016, interest 3 month Euribor + 0.48%	0.0	5.4
Total	**100.0**	**105.4**

17. Current liabilities

Liabilities to Group companies

EUR million	2015	2014
Trade payables	0.4	0.4
Other liabilities	270.3	175.8
Accrued expenses	1.1	7.3
Total	**271.8**	**183.5**

Accrued expenses, intra-group

EUR million	2015	2014
Interest expenses	0.4	0.0
Exchange rate derivatives	0.7	7.3
Other expenses	0.0	0.0
Total	**1.1**	**7.3**

Accrued expenses, group external

EUR million	2015	2014
Personnel expenses	2.8	2.5
Interest expenses	6.1	9.0
Other expenses	0.0	0.0
Total	**8.9**	**11.5**

18. Commitments and contingent liabilities

Mortgages given as security for loans

EUR million	2015	2014
Leasing commitments for premises		
Payable during the current financial year	12.6	12.8
Payable in subsequent years	77.6	91.8
Total	**90.2**	**104.6**
Operating leasing commitments		
Payable during the current financial year	0.0	0.0
Payable in subsequent years	0.1	0.1
Total	**0.1**	**0.1**
Other commitments		
Other commitments	0.4	0.4
Guarantees		
On behalf of Group companies	1,058.5	961.9

Derivative contracts

EUR million	2015	2014
External foreign currency forward contracts		
Fair value	6.1	2.4
Value of underlying instruments	86.4	62.2
Internal foreign currency forward contracts		
Fair value	-0.7	-6.6
Value of underlying instruments	8.0	133.2
Interest rate swaps and future contracts		
Fair value	-7.1	-6.0
Value of underlying instruments	340.0	268.0
Interest rate options bought		
Fair value		0.0
Value of underlying instruments		50.0

19. Salaries and fees to management

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

Decision-making regarding remuneration

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

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

Remuneration of board members

The Annual General Meeting 2015 decided that the Board of Directors be paid remuneration as follows in 2015:

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

In addition, a meeting fee of EUR 550 is paid for each Board and committee meeting. Per diems for trips in Finland and abroad are paid in accordance with the State's travel compensation regulations. The fees of the Board of Directors remained the same as in the previous year. No other fees or benefits were paid to Board members.

Proposal for fees for 2016

The Board of Directors proposes on recommendation of the Board's Personnel Committee that the fees to be paid to the Board of Directors remain the same as in 2015.

EUR	Board membership	Board meetings	Audit Committee meetings	Personnel Committee meetings	Total 2015	Total 2014
Henrik Ehrnrooth 1)						17,600
Reino Hanhinen	79,200	5,500		2,750	87,450	84,550
Kim Gran	60,000	5,500		2,750	68,250	64,950
Satu Huber	46,800	4,400	2,750		53,950	55,050
Erkki Järvinen	46,800	5,500		2,750	55,050	55,600
Juhani Pitkäkoski 2)	46,800	5,500	2,750		55,050	42,800
Teuvo Salminen 3)	46,800	5,500	2,750		55,050	42,800
Board of Directors total	**326,400**	**31,900**	**8,250**	**8,250**	**374,800**	**363,350**

1) Henrik Ehrnrooth was a member of the Board of Directors and the Personnel Committee until March 18, 2014
2) Juhani Pitkäkoski has been a member of the Board of Directors as of March 18, 2014.
3) Teuvo Salminen has been a member of the Board of Directors as of March 18, 2014.

Management remuneration

The remuneration paid to the Group's Management Board is comprised of:

- Fixed salary
- Fringe benefits, such as company car and meal benefit
- Annual performance-based bonus, and
- Long-term incentive schemes, such as share-based incentive scheme and pension benefits.

Performance-based bonuses

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

The bonuses paid are determined on the basis of the realisation of personal profit objectives, the Group's financial result, and the attainment of profitability, growth and development objectives. Performance and development discussions are an essential part of the management by key results system. In these discussions, employees and their superiors agree on the key objectives and their relative weighting and review the fulfilment of the previously agreed objectives. The key principles and objectives for the result period influencing the personal performance-based bonuses are specified at the business division and unit level.

The maximum annual performance-based bonus paid to the CEO and the Management Board may equal 50–60% of their annual taxable pay excluding the performance-based bonus. Other monetary rewards in use at YIT include new-initiative bonuses and years-of-service bonuses.

Share-based incentive scheme

YIT has implemented a long-term share-based incentive scheme to support the company's strategy for profitable growth and supplement the already available incentive schemes. The scheme aims at encouraging employees to engage in goal-oriented work, rewarding good performance and committing employees to long-term persistent work. Members of YIT's Board of Directors are not included in the share-based incentive scheme.

The scheme consisted of three earnings periods, i.e. the calendar years 2010, 2011 and 2012. Shares were handed over in 2011, 2012 and 2013 based on the performance in the previous year. A total of approximately 700,000 shares could be rewarded annually, of which a maximum of 20,000 to the President and CEO.

The taxes and tax-like payments arising from the share rewards are covered by a monetary bonus under the terms of the scheme. Employees included in the incentive scheme are obligated to not transfer their shares within two years of having obtained them for the shares based on performance in 2010 and

Accrual-based pension expenditure

EUR	2015 Statutory pensions	2015 Supplementary pension security	2014 Statutory pensions	2014 Supplementary pension security
President and CEO	124,555	3,795	102,178	3,795
Deputy to the President and CEO	82,356	15,204	65,784	15,204
Total	**206,914**	**19,000**	**167,961**	**19,000**

The members of the Board of Directors are not insured in terms of TyEL (Employees' Pensions Act) or supplementary pension for their meeting fees.

three years for the shares based on performance in 2011 and 2012, i.e. throughout the duration of the commitment period. If the employment of an employee is terminated during the commitment period, the employee must return any shares obtained as rewards to the company free of charge. In the case of shares granted for 2010, the commitment period has ended.

During 2015, a total of 5,151 shares were returned to the company in accordance with the terms and conditions.

The Board of Directors of YIT Corporation decided on March 18, 2014, to launch a new share-based incentive scheme for key persons.

The earnings periods of the incentive scheme are the years 2014, 2015 and 2016. Any bonus will be determined on the basis of the indicators decided annually by YIT's Board of Directors for each earnings period and their target levels. Return on investment is the key indicator in the scheme. An additional target related to the Group's cash flow was set for 2014. In 2015, the return on investment target was complemented by a target related to net debt. YIT's Board of Directors also decides on the approximately 200 key persons from different YIT countries to be included in the incentive scheme for each earnings period. The same employees are not automatically covered by the scheme during all earnings periods.

A total of approximately 650,000 shares can be rewarded annually, of which a maximum of 25,000 to the President and CEO. The shares to be granted are already held by YIT as a rule. There is a two-year commitment period associated with each earnings period, after which the shares are transferred to key persons still employed by YIT Group. Shares will be handed over in 2017, 2018 and 2019. The employer will cover the taxes and tax-like fees charged to the key employees covered by the scheme in connection with the handing over of the shares. Under all circumstances, the Board has the right to amend the bonuses in a reasonable manner.

Pension, retirement age and termination compensations

The contractual retirement age of the CEO and his deputy is 62. In other respects, the statutory retirement ages apply to the members of the Management Board. The contractual pension of the CEO and his deputy amounts to 60% of salary accounted according to Finnish employment pension law. The pension scheme is benefit-based.

The contractual period of notice is for 6–12 months. If the company terminates the contract, the CEO and his deputy shall also be paid separate compensation amounting to 12 months' salary. Accrual-based pension expenditure

Remuneration paid to the ceo and management board in 2015

Kari Kauniskangas served as the President and CEO of YIT Corporation. He was paid a performance-based bonus of EUR 111,000 in March 2015 based on the results of July-December 2014. Based on the results of January–June 2015, the President and CEO was paid a performance-based bonus of EUR 75,000 in September 2015.

In 2015 no shares were handed over in connection with share-based incentive schemes, as the previous incentive scheme's earnings periods were the years 2010–2012 and the new incentive scheme's earnings periods are the years 2014–2016.

Chief Executive Officer, CEO:

- Kari Kauniskangas, Chairman, YIT Corporation President and CEO

Other Management Board:

- Tero Kiviniemi, varapuheenjohtaja, YIT Corporation Executive Vice President, deputy to the President and CEO, head of Business Premises and Infrastructure segment
- Teemu Helppolainen, head of segment Housing Russia
- Antti Inkilä, head of segment Housing Finland and CEE
- Timo Lehtinen, YIT Corporation Chief Financial Officer
- Juhani Nummi, YIT Corporation Senior Vice President, Business Development
- Pii Raulo, YIT Corporation Senior Vice President, Human Resources

EUR	Fixed salary	Fringe benefits	Bonuses	Total 2015	Total 2014
President and CEO	454,258	15,307	186,000	655,566	547,871
Other Management Board,total	1,378,258	69,392	452,500	1,900,150	1,442,060

Board of directors' proposal for the distribution of distributable equity

The distributable equity of YIT Corporation on December 31, 2015 is:

Retained earnings	290,990,070.97
Profit for the period	4,480,908.50
Retained earnings, total	295,470,979.47
Non-restricted equity reserve	8,272,398.65
Distributable equity, total	303,743,378.12

The Board of Directors proposes to the Annual General Meeting that the distributable equity be disposed of as follows:

Payment of a dividend from retained earnings EUR 0.22 per share to shareholders	27,627,345.02
Remains in distributable equity	276,116,033.10

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardize the company's solvency.

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

Helsinki, February 4, 2016

Reino Hanhinen
Chairman

Kim Gran
Vice chairman

Satu Huber

Erkki Järvinen

Juhani Pitkäkoski

Teuvo Salminen

Kari Kauniskangas
President and CEO

Auditor's Report

(Translation from the Finnish Original)

To the Annual General Meeting of YIT Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of YIT Corporation for the year ended 31 December, 2015. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 4 February 2016

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Wahlroos
Authorised Public Accountant

Key financial figures

Income statement

		2015 IFRS [1]	2014 IFRS [1]	2013 IFRS [1]	2012 IFRS [1]	2011 IFRS [1]	2010 IFRS [1]	2009 IFRS [1]	2008 IFRS	2007 IFRS	2006 IFRS
Revenue	EUR million	1,732.2	1,778.6	1,743.0	1,988.9	4,382.1	3,787.6	3,485.6	3,939.7	3,706.5	3,284.4
change from previous year	%	-2.6	2.0	-12.4		15.7	8.7	-11.5	6.3	12.9	8.6
of which activities outside Finland	EUR million	492.1	616.1	488.4	586.4	2,607.7	2,343.6	1,885.7	2,072.9	1,798.5	1,477.4
Operating income and expenses	EUR million	-1,638.5	-1,671.2	-1,621.5	-1,770.3	-4,142.9	-3,531.6	-3,283.9	-3,647.4	-3,341.5	-3,002.8
Depreciation and write-downs	EUR million	-12.1	-12.6	-17.4	-20.6	-39.6	-35.9	-33.6	-31.8	-27.2	-24.1
Operating profit	EUR million	81.6	94.8	104.0	198.0	200.0	220.1	168.1	260.6	337.8	258.8
% of revenue	%	4.7	5.3	6.0	10.0	4.6	5.8	4.8	6.6	9.1	7.9
Financial income and expences, net	EUR million	-20.3	-20.5	-9.0	-14.2	-24.7	-25.3	-58.6	-67.5	-32.2	-20.6
Profit before taxes	EUR million	61.3	74.3	95.0	183.8	175.2	194.8	109.5	193.1	305.6	238.2
% of revenue	%	3.5	4.2	5.5	9.2	4.0	5.1	3.1	4.9	8.2	7.3
Profit for the period	EUR million	47.2	55.8	70.2	142.3	125.1	140.6	68.1	134.3	228.0	175.4
% of revenue	%	2.7	3.1	4.0	7.2	2.9	3.7	2.0	3.4	6.2	5.3
Attributable to											
Equity holders of the parent company	EUR million	47.2	55.9	70.3	141.2	124.5	140.3	68.3	132.9	224.9	171.0
Non-controlling interest	EUR million	0.0	-0.1	-0.1	1.1	0.6	0.3	-0.2	1.4	3.1	4.4

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

Income statements for the years 2006–2011 include the items related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger on June 30, 2013.

Balance sheet

		2015 IFRS [1]	2014 IFRS [1]	2013 IFRS [1]	2012 IFRS [1]	2011 IFRS [1]	2010 IFRS [1]	2009 IFRS [1]	2008 IFRS	2007 IFRS	2006 IFRS
Assets											
Intangible assets	EUR million	47.3	55.4	65.2	110.6	110.8	106.7	99.8	104.6	92.5	91.8
Goodwill	EUR million	10.9	10.9	10.9	346.6	347.5	350.9	291.0	291.0	240.6	248.8
Tangible assets	EUR million	14.1	11.3	7.1	61.8	54.1	50.5	32.8	35.1	27.1	15.6
Investments	EUR million	1.1	1.6	1.3	3.9	6.9	6.1	5.3	6.3	6.2	5.9
Inventories	EUR million	1,528.4	1,682.6	2,045.8	1,894.4	1,672.6	1,484.9	1,477.6	1,509.9	1,265.0	1,006.4
Receivables	EUR million	242.5	272.2	332.9	1,073.0	1,106.4	969.7	697.7	825.3	769.7	723.4
Current investments	EUR million	5.0	0.6	0.0	0.0	0.0	0.3	0.0	36.4	0.0	0.0
Cash and cash equivalents	EUR million	117.2	198.8	76.3	175.7	206.1	148.0	173.1	165.3	60.2	25.9
Total assets	**EUR million**	**1,966.6**	**2,233.4**	**2,539.5**	**3,666.0**	**3,504.5**	**3,117.1**	**2,777.1**	**2,973.9**	**2,461.3**	**2,117.8**
Equity And Liabilities											
Share capital	EUR million	149.2	149.2	149.2	149.2	149.2	149.2	149.2	149.2	149.1	63.4
Other equity	EUR million	373.8	381.0	535.4	851.0	769.5	730.8	611.9	653.9	665.4	607.1
Non-controlling interest	EUR million	0.1	0.3	0.4	3.3	2.5	2.9	3.0	4.6	3.8	3.9
Provisions	EUR million	61.0	60.9	61.5	103.4	106.4	94.7	89.5	86.9	59.0	50.5
Non-current liabilities											
Interest-bearing	EUR million	266.1	275.2	305.1	517.1	522.9	504.6	502.0	516.2	356.9	275.8
Non interest-bearing	EUR million	29.8	39.4	50.1	174.3	162.7	114.4	87.7	92.1	80.7	72.5
Current liabilities											
Interest-bearing	EUR million	385.1	620.2	552.9	404.9	423.6	284.6	200.2	330.1	218.1	256.6
Advances received	EUR million	376.9	402.8	514.3	566.6	458.3	349.3	418.7	346.8	230.4	163.6
Other non interest-bearing	EUR million	324.7	304.4	370.5	896.1	909.3	886.6	714.8	794.2	697.9	624.4
Total shareholders' equity and liabilities	**EUR million**	**1,966.6**	**2,233.4**	**2,539.5**	**3,666.0**	**3,504.5**	**3,117.1**	**2,777.1**	**2,973.9**	**2,461.3**	**2,117.8**

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

The balance sheet for the comparison years 2006–2012 includes the assets and liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger on June 30, 2013.

Other key figures

		2015 IFRS [1]	2014 IFRS [1]	2013 IFRS [1]	2012 IFRS [1]	2011 IFRS [1]	2010 IFRS [1]	2009 IFRS [1]	2008 IFRS	2007 IFRS	2006 IFRS
Operating cash flow after investments	EUR million	183.7	151.9	-87.9	49.9	-17.3	-61.7	229.8	-19.4		
Cash flow from operating activities	EUR million	195.7	159.5	-92.5	72.1	17.4	6.8	260.9	47.8	84.1	-148.3
Return on equity	%	9.0	9.1	8.2	15.0	13.9	17.1	8.9	16.5	30.5	28.3
Return on investment	%	6.4	6.4	6.1	10.9	12.0	14.4	11.0	17.5	26.2	24.8
Equity ratio	%	32.9	29.2	34.3	32.5	30.2	31.9	32.4	30.7	36.7	34.5
Net interest-bearing debt	EUR million	529.0	696.0	781.7	746.2	740.4	640.9	529.1	644.5	514.8	506.5
Gearing ratio	%	101.1	129.9	112.0	73.9	80.4	72.6	69.2	79.8	62.9	75.1
Gross capital expenditures on non-current assets	EUR million	12.0	13.9	20.2	44.6	48.7	129.7	27.9	85.2	51.6	50.4
% of revenue	%	0.7	0.8	1.2	0.9	1.1	3.4	0.8	2.2	1.4	1.5
Research and development expenditure	EUR million	15.8	14.5	15.0	7.5	20.1	17.5	15.2	19.0	22.0	21.0
% of revenue	%	0.9	0.8	0.9	0.4	0.5	0.5	0.4	0.5	0.6	0.6
Order backlog as at Dec 31	EUR million	2,467.3	2,507.1	3,184.6	3,108.6	4,148.6	3,535.7	2,983.3	3,233.7	3,509.3	2,802.3
of wich orders from abroad	EUR million	898.3	1,061.4	1,617.8	1,484.0	2,066.9	1,857.7	1,885.7	2,072.9	1,999.2	1,490.0
Number of employees at Dec 31		5,340	5,881	6,172	6,691	25,996	25,832	23,480	25,784	24,073	22,311
Average number of employees		5,613	6,116	6,575	6,730	26,254	24,317	24,497	25,057	23,394	21,846

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

The balance sheet for the comparison years 2006–2012 and other items for the comparison years 2006–2011 include items related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger on June 30, 2013.

Share-related key figures

		2015 IFRS [1]	2014 IFRS [1]	2013 IFRS [1]	2012 IFRS [1]	2011 IFRS [1]	2010 IFRS [1]	2009 IFRS [1]	2008 IFRS	2007 IFRS	2006 IFRS
Earnings/ share	EUR	0.38	0.44	0.56	1.13	0.99	1.12	0.55	1.05	1.77	1.36
Earnings/ share, diluted	EUR	0.37	0.44	0.56	1.13	0.99	1.12	0.55	1.05	1.77	1.35
Equity/ share	EUR	4.16	4.26	5.56	8.02	7.33	7.04	6.09	6.38	6.40	5.29
Dividend/share	EUR	0.22 [2]	0.18	0.38	0.75	0.70	0.65	0.40	0.50	0.80	0.65
Dividend/earnings	%	58.5 [2]	40.9	67.9	66.6	70.5	57.9	73.2	47.6	45.2	47.8
Effective dividend yield	%	4.2	4.2	3.7	5.1	5.7	3.5	2.8	10.9	5.3	3.1
Price/earnings multiple (P/E)	%	13.9	9.7	18.1	13.1	12.5	16.7	26.3	4.4	8.5	15.4
Share price trend											
Average price	EUR	5.65	7.35	13.01	14.9	15.28	16.35	8.52	10.89	22.15	19.24
Low	EUR	4.26	4.17	8.67	11.87	10.04	12.98	4.31	3.70	14.79	15.20
High	EUR	7.21	10.70	17.88	17.25	21.92	19.00	14.49	19.99	27.90	23.88
Price at Dec 31	EUR	5.24	4.27	10.16	14.78	12.38	18.65	14.45	4.58	14.99	20.95
Market capitalisation at Dec 31	EUR million	658.0	536.2	1,276.0	1,853.2	1,550.9	2,332.7	1,807.4	576.2	1,907.0	2,656.0
Share turnover trend											
Share turnover	1,000 pcs	157,857	144,276	111,193	96,887	151,023	127,537	190,057	295,156	245,672	184,577
Share turnover of shares outstanding	%	125.7	114.9	88.6	77.3	120.6	102.0	151.8	232.2	193.6	147.2
Weighted average share-issue adjusted number of shares outstanding	1,000 pcs	125,582	125,587	125,529	125,352	125,210	125,078	125,167	127,104	126,872	125,357
Weighted average share-issue adjusted number of shares outstanding, diluted	1,000 pcs	126,773	126,237	125,529	125,352	125,210	125,078	125,167	127,104	127,028	126,773
Share -issue adjusted number of shares outstanding at Dec 31	1,000 pcs	125,579	125,584	125,590	125,384	125,271	125,078	125,078	125,798	127,218	126,777

[1] YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on January 1, 2010. The figures for 2009–2011 are comparable.
[2] Board of Directors' proposal

The balance sheet for the comparison years 2006–2012 and other items for the comparison years 2006–2011 include the items related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger on June 30, 2013.

Financial development by quarter

		Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Revenue	EUR million	511.6	363.8	462.9	394.0	529.3	492.4	353.7	403.2
Operating profit	EUR million	28.4	1.5	24.6	27.1	35.2	28.1	8.3	23.2
- % of revenue	%	5.5	0.4	5.3	6.9	6.7	5.7	2.4	5.8
Financial income and expenses	EUR million	-7.0	-6.6	-2.1	-4.7	-4.5	-6.7	-4.8	-4.4
Profit before taxes	EUR million	21.4	-5.1	22.5	22.4	30.7	21.3	3.5	18.8
- % of revenue	%	4.2	-1.4	4.9	5.7	5.8	4.3	1.0	4.7
Total balance sheet assets	EUR million	1,966.6	2,062.1	2,210.3	2,212.7	2,233.4	2,560.5	2,625.6	2,502.4
Earnings per share	EUR	0.13	-0.03	0.14	0.14	0.18	0.13	0.02	0.12
Equity per share	EUR	4.16	4.31	4.73	4.60	4.26	5.12	5.25	5.06
Share price at the end of period	EUR	5.24	4.89	6.41	5.12	4.27	6.11	8.41	7.73
Market capitalization at the end of period	EUR million	658.0	614.1	805.0	643.0	536.2	767.3	1,056.2	970.8
Return on investment, rolling 12 months	%	6.4	6.6	8.1	6.8	6.4	6.1	5.2	6.1
Return on equity	%	9.0				9.1			
Equity ratio	%	32.9	33.1	33.8	32.1	29.2	31.9	32.2	31.6
Net interest-bearing debt at the end of period	EUR million	529.0	574.6	587.3	678.0	696.0	817.9	860.2	840.3
Gearing ratio	%	101.1	106.1	98.7	117.3	129.9	127.2	130.4	132.1
Gross capital expenditures	EUR million	3.4	2.1	4.0	2.5	5.0	3.2	3.6	2.0
Order backlog at the end of period	EUR million	2,467.3	2,649.0	2,914.6	2,550.1	2,507.1	3,278.5	3,480.3	3,146.4
Personnel at the end of period		5,340	5,574	5,847	5,534	5,881	6,032	6,358	6,076

Revenue by business segment

EUR million	Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Housing Finland and CEE	220.8	165.8	207.6	183.6	189.2	177.4	187.0	172.9
Housing Russia	61.6	63.9	69.6	71.3	129.7	119.0	116.8	108.5
Business Premises and Infrastructure	186.0	161.9	139.0	120.1	142.4	188.8	147.0	121.1
Other items	0.0	0.1	-0.1	-0.1	-0.4	0.5	0.6	0.6
Group total, segment reporting	**468.5**	**391.7**	**416.1**	**374.9**	**461.0**	**485.7**	**451.4**	**403.1**
IFRS adjustment	43.1	-27.9	46.8	19.0	68.3	6.8	-97.7	0.0
Group total, IFRS	**511.6**	**363.8**	**462.9**	**394.0**	**529.3**	**492.4**	**353.7**	**403.2**

Operating profit by business segment

EUR million	Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Housing Finland and CEE	13.4	12.3	16.2	14.2	11.3	13.3	16.2	16.8
Housing Russia	0.7	-8.6	2.3	6.2	12.1	11.7	13.8	12.2
Business Premises and Infrastructure	7.4	7.5	3.9	3.1	2.8	10.3	6.9	0.2
Other items	-4.8	-1.3	-3.8	-3.0	-7.2	-1.8	-2.1	-2.3
Group total, segment reporting	**16.6**	**10.0**	**18.6**	**20.5**	**19.0**	**33.5**	**34.7**	**26.9**
IFRS adjustment	11.7	-8.5	6.1	6.6	16.3	-5.4	-26.3	-3.7
Group total, IFRS	**28.4**	**1.5**	**24.6**	**27.1**	**35.2**	**28.1**	**8.3**	**23.2**

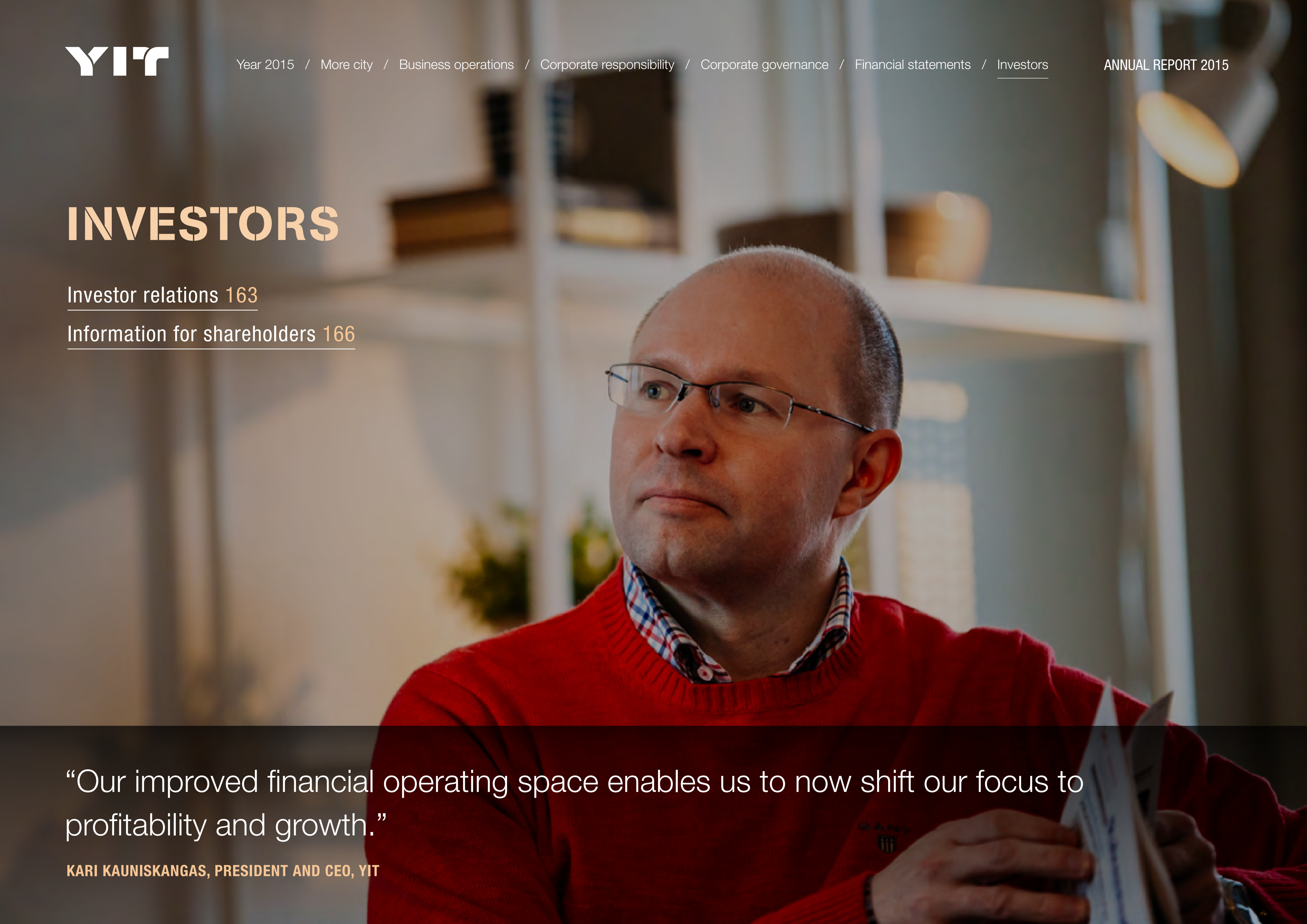
Order backlog by business segment

EUR million	Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Housing Finland and CEE	802.7	823.0	834.7	784.2	798.5	929.8	953.2	956.7
Housing Russia	508.5	599.1	740.4	701.5	653.5	1,103.8	1,218.8	1,070.6
Business Premises and Infrastructure	861.6	892.4	998.3	684.1	673.9	702.3	751.9	669.4
Group total, segment reporting	**2,172.9**	**2,314.6**	**2,573.5**	**2,169.8**	**2,125.9**	**2,736.0**	**2,923.9**	**2,696.7**
IFRS adjustment	294.4	334.4	341.1	380.3	381.1	542.6	556.5	449.7
Group total, IFRS	**2,467.3**	**2,649.0**	**2,914.6**	**2,550.1**	**2,507.1**	**3,278.5**	**3,480.3**	**3,146.4**

Key figures according to segment reporting (POC)

EUR million	Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Profit before taxes, EUR million	6.1	-0.7	11.2	10.3	8.5	22.6	25.7	18.2
Profit for the review period, EUR million [1)]	4.6	-0.8	8.4	7.8	5.5	16.8	20.0	14.3
Earnings per share, EUR	0.04	-0.01	0.07	0.06	0.04	0.13	0.16	0.11

[1)] Attributable to equity holders of the parent company



INVESTORS

"Our improved financial operating space enables us to now shift our focus to profitability and growth."

KARI KAUNISKANGAS, PRESIDENT AND CEO, YIT

Investor relations

Tasks and objectives

The aim of our investor relations is to support the appropriate valuation of the YIT share by continuously and consistently communicating all essential information on YIT to all market parties. Investor relations also aim to increase interest in the company among equity and debt investors as well as analysts, improve the loyalty of current shareholders and reach new investors and analysts interested in the company.

Our Investor Relations are responsible for writing interim reports, the financial statements bulletin, stock exchange releases and investor news, as well as preparing investor presentations. Our Investor Relations are also responsible for planning and implementing investor communications and daily contacts with shareholders, investors and analysts. Investor Relations also organise investor meetings.

YIT's investor relations activity covers the Capital Markets Day, events for analysts and the media, conference calls, road show events, participation in investor conferences and events, as well as meetings with investors and analysts. Our investor relations work also involves collecting and analysing investor feedback and information on the ownership structure, as well as information related to shares and bonds issued by the company for the needs of the management and Board of Directors. All inquiries by investors are centrally managed by Investor Relations. Read our disclosure policy on our website.

Operations in 2015

During 2015, we met approximately 950 investors and analysts. YIT arranged 19 road show days with the company's management, meeting investors in Europe and North America. We also held our first Asian road show day in Tokyo, Japan.

Our Capital Markets Day for investors and analysts was held on September 24, 2015 in Helsinki. The purpose of the event was to communicate YIT's strategy and operations. The day's programme consisted of presentations by the management and a visit to the Lauttis shopping centre construction site in Helsinki's Lauttasaari district. The event had a total of 41 participants from Finland, Sweden and the United States.

We also held an Analyst Day in May in Prague, the Czech Republic, to discuss YIT's operations and development in the CEE countries, with a particular focus on business operations and the housing market in the Czech Republic.

Analysts following YIT

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

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Up-to-date analyst contact information on our website.

YIT share (YTY1V)

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

- Listing: Nasdaq Helsinki
- Listing date: September 4, 1995
- Trading currency: EUR
- Segment and sector: Mid Cap
- Trading code: YTY1V
- SIN code: FI0009800643
- Reuters ID: YTY1V HE
- Bloomberg ID: YTY1V FH

In 2015, the YIT share was included in the following indices, among others:

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

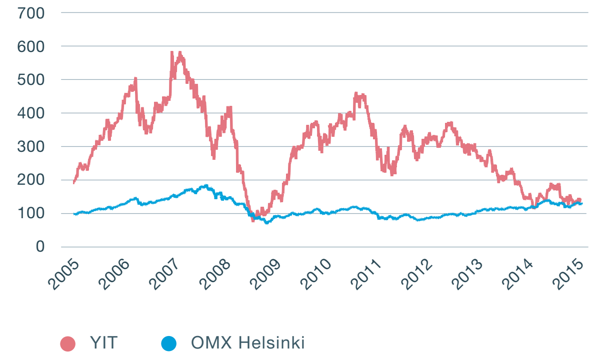
YIT's result publications in 2016

YIT's Financial Statements Bulletin for 2015 was published on Friday, February 5, 2016. In addition, YIT will publish three interim reports in 2016:

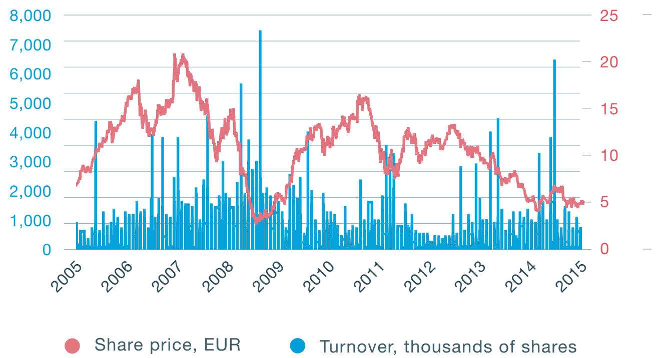
Interim Report for January–March on April 28, 2016
Interim Report for January–June on July 28, 2016
Interim Report for January–September on October 27, 2016

The Financial Statements Bulletin and the interim reports will be published at approximately 8:00 a.m. Finnish time. Prior to the Financial Statements Bulletin and each interim report, YIT observes silent periods which begin on January 1, April 1, July 1 and October 1, and last until the publication of the respective financial report.

Share price development in comparison to OMX Helsinki index



Share price development and turnover on Nasdaq Helsinki



Result publication and webcasts

YIT holds a news conference for investors and the media in connection with the publication of interim reports and financial statements at its Head Office in Helsinki. It is also possible to participate in the event via conference call. Webcasts of the publication events can be viewed on the YIT website, both live and subsequently as recordings at www.yitgroup.com/webcast.

Ordering publications and releases

YIT's annual reports, interim reports and other publications can be ordered from YIT's investor communications (tel. +358 (0)40 357 0905 or by e-mail investorrelations@yit.fi. Releases can be ordered directly to your e-mail on our website.

Investor information on the Internet

The Investors section of YIT's website contains, for example:

- Financial reports, stock exchange releases, investor presentations and webcast recordings
- Monthly updated data on our major shareholders and the company's statutory insiders and their shareholdings
- Share trading data
- Tools for analysing the share, such as share price search and a total return calculator for calculating the value of your investment in YIT
- Consensus estimates of our earnings
- IR calendar displaying information such as investor events and road show dates
- IR blog in English, discussing topical matters of interest to investors

In addition, YIT's Investor Relations distributes topical information on YIT, key macroeconomic indicators and investor events on social media using the Twitter account @YITInvestors.

Contact information

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Follow us on Twitter @YITInvestors >

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Information for shareholders

Annual General Meeting 2016
YIT Corporation's Annual General Meeting will be held in Helsinki on Tuesday, March 15, 2016, starting at 10:00 a.m. (Finnish time) at Finlandia Hall (address: Mannerheimintie 13, FI-00100 Helsinki, Finland). Check-in for those who have registered for the meeting, distribution of ballots and serving of coffee will start at 9:00 a.m.

Participation rights
In order to have the right to participate in the Annual General Meeting, a shareholder must be registered in the company's shareholder register, which is maintained by Euroclear Finland Ltd, no later than on the record date of the Annual General Meeting on March 3, 2016. Shareholders whose shares are registered in their personal Finnish book-entry accounts are registered in the company's shareholder register.

A shareholder whose shares are nominee-registered and who wishes to participate in the Annual General Meeting and exercise his right to vote must be entered in the company's shareholder register by March 10, 2016, by 10:00 a.m. in order to participate in the meeting.

Notice of meeting
The notice of meeting is published no later than three weeks before the meeting on the company's website. The notice contains the agenda, the names of the persons nominated for seats on the Board of Directors and the nominated auditor. Resolution proposals, documents presented to the Annual General Meeting and the presentation of the nominees for the Board of Directors will also be published on our website.

Registration
Registration for the Annual General Meeting will begin on February 5, 2016, and end on March 10, 2016 at 10:00 a.m. Registration is possible

- online through YIT Corporation's website: www.yitgroup.com/agm2016
- By telephone on +358 20 770 6890, Monday to Friday from 9 a.m. to 4 p.m.

The shareholder's name and personal identification number or business ID, as well as the name of his/her eventual assistant or proxy representative must be given in connection with the registration.

Any proxy documents should be mentioned in connection with the registration and they should be delivered as originals to YIT Corporation, Viivi Kuokkanen, PO Box 36, FI-00621 Helsinki, Finland, prior to the end of the registration period. Alternatively, a copy of the proxy may be sent by e-mail to viivi.kuokkanen@yit.fi, in addition to which the original proxy must be presented at the meeting.

Payment of dividend
The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.22 per share be paid from 2015. The dividend is paid to a shareholder who, by the dividend record date (March 17, 2016), has been entered as a shareholder in the company's shareholder register maintained by Euroclear Ltd.

The Board of Directors proposes that the dividend be paid on April 4, 2016.

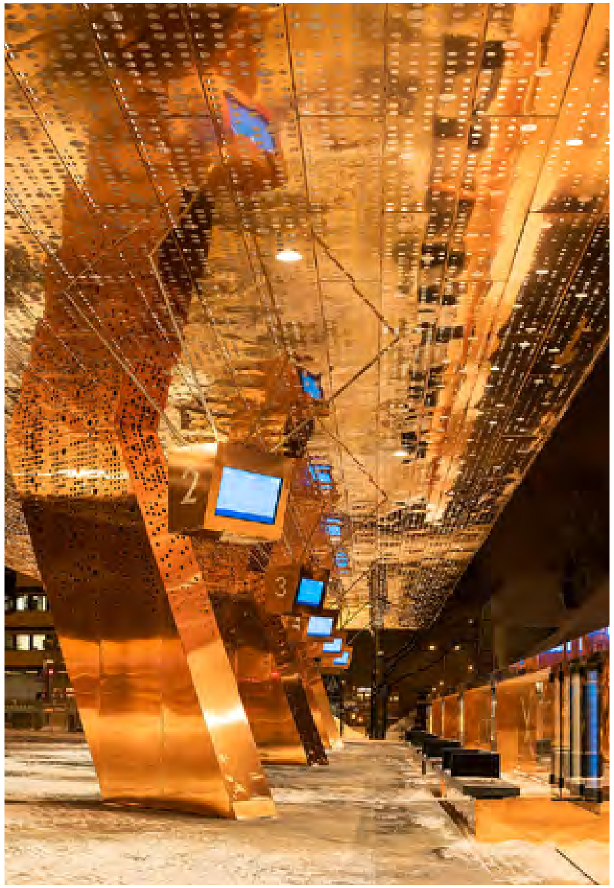
Image from Lahti travel center, Lahti, Finland

Shareholder rights

Shareholders have the right to have items included on the agenda of the Annual General Meeting, provided they demand, in writing, the Board of Directors to do so early enough so that the item can be included in the notice of the meeting. In order to have their items included on the agenda of the Annual General Meeting 2016, shareholders had to present their requests to YIT's corporate services by January 8, 2016.

Shareholders have the right to raise questions at the General Meeting as set out in the Limited Liability Companies Act.

The minutes of the Annual General Meeting are made available for inspection by shareholders within two weeks of the meeting at YIT's head office (Panuntie 11, Helsinki, Finland) and on our website.

A shareholder or shareholders who own at least 10 percent of all the company's shares may demand that an extraordinary general meeting be convened.

Address changes of shareholders

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

If the account is handled by Euroclear Finland Ltd, notifications of a change of address should be sent to:
Euroclear Finland Ltd
P.O. Box 1110, FI-00101 Helsinki, Finland
Street address: Urho Kekkosen katu 5C, 8th floor
Telephone (switchboard): +358 20 770 6000
Fax: +358 20 770 6658
E-mail: info.finland@euroclear.eu

Important dates related to the Annual General Meeting

- Registration opens: February 5, 2016
- Record date of Annual General Meeting: March 3, 2016
- Registration closes: March 10, 2016 at 10:00 a.m.
- Annual General Meeting: March 15, 2016
- Dividend record date: March 17, 2016
- Proposed dividend payment: April 4, 2016

More information on the Annual General Meeting is available on our website.

MORE

CITY

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FIRSTNAME.LASTNAME@YIT.FI | WWW.YITGROUP.COM