Carve-out Financial Statements of Caverion Group for the years ended December 31, 2012, 2011 and 2010

CONTENTS

Combined income statement

EUR million	Note	2012	2011	2010
Revenue	2,4,5	**2,803.2**	**2,875.7**	**2,352.8**
Other operating income	6	12.3	6.3	4.1
Change in inventories of finished goods and in work in progress		-0.6	1.7	-0.7
Production for own use		0.3	0.2	0.6
Materials and supplies		-799.8	-920.8	-720.9
External services		-468.8	-459.5	-332.3
Personnel expenses	9	-1,127.3	-1,091.2	-949.0
Other operating expenses	7	-333.9	-287.0	-237.6
Share of results in associated companies	15	0.0	0.0	0.0
Depreciation, amortisation and impairment	8	-24.2	-20.3	-18.0
Operating profit		**61.2**	**105.0**	**99.0**
Financial income		1.9	1.6	1.1
Exchange rate differences (net)		-0.3	-0.1	-0.2
Financial expenses		-5.2	-4.5	-4.5
Financial income and expenses, total	11	-3.6	-3.0	-3.6
Profit before taxes		**57.6**	**102.0**	**95.4**
Income taxes	12	-16.7	-29.0	-29.5
Profit for the year		**40.9**	**73.0**	**65.9**
Attributable to				
Equity holders of Caverion Group		40.8	72.9	65.9
Non-controlling interests		0.1	0.1	0.0

The notes are an integral part of the carve-out financial statements.

Combined statement of comprehensive income

EUR million	Note	**2012**	**2011**	**2010**
Profit for the year		**40.9**	**73.0**	**65.9**
Other comprehensive income				
Cash flow hedging	28	-0.1	0.0	-0.1
- Deferred tax asset		0.0	0.0	0.0
Change in fair value of available-for-sale assets	16	-0.4	0.5	
- Deferred tax asset		0.1	-0.1	
Translation differences		3.9	0.6	12.1
Total comprehensive income		**44.5**	**74.0**	**77.9**
Attributable to				
Equity holders of Caverion Group		44.4	73.9	77.9
Non-controlling interests		0.1	0.1	0.0

The notes are an integral part of the carve-out financial statements.

Combined balance sheet

EUR million	Note	December 31, 2012	December 31, 2011	December 31, 2010
ASSETS				
Non-current assets				
Tangible assets	13	31.8	34.7	38.5
Goodwill	14	335.7	336.6	340.0
Other intangible assets	14	39.0	32.8	32.0
Investments in associated companies	15	0.1	0.1	0.1
Available-for-sale financial assets	16	2.5	2.9	2.4
Receivables	17	15.6	18.2	15.3
Deferred tax receivables	18	5.5	8.7	6.6
Total non-current assets		**430.2**	**434.0**	**434.9**
Current assets				
Inventories	19	39.0	37.5	37.7
Trade and other receivables	3, 20	774.7	794.2	683.2
Tax receivables		4.7	2.8	3.7
Cash and cash equivalents	21	100.8	155.4	106.2
Total current assets		**919.2**	**989.8**	**830.8**
Assets held for sale	33			19.8
TOTAL ASSETS		**1,349.4**	**1,423.8**	**1,285.5**

The notes are an integral part of the carve-out financial statements.

Combined balance sheet

EUR million	Note	December 31, 2012	December 31, 2011	December 31, 2010
INVESTED EQUITY AND LIABILITIES				
Invested equity attributable to the equity holders of Caverion Group		413.1	449.5	305.3
Non-controlling interest		0.6	0.5	0.4
Total invested equity		**413.7**	**450.0**	**305.7**
Non-current liabilities				
Deferred tax liabilities	18	78.0	70.0	59.8
Pension obligations	22	26.7	26.2	26.6
Provisions	23	6.9	9.9	13.0
Borrowings	24	75.6	90.3	88.0
Other liabilities	25	4.6	6.1	5.8
Total non-current liabilities		**191.8**	**202.5**	**193.2**
Current liabilities				
Trade and other liabilities	25	697.8	715.6	709.9
Income tax liabilities		7.4	13.4	11.6
Provisions	23	23.3	25.8	27.8
Borrowings	24	15.4	16.5	20.1
Total current liabilities		**743.9**	**771.3**	**769.4**
Liabilities of assets held for sale	33			17.2
Total liabilities		**935.7**	**973.8**	**979.8**
TOTAL INVESTED EQUITY AND LIABILITIES		**1,349.4**	**1,423.8**	**1,285.5**

The notes are an integral part of the carve-out financial statements.

Combined cash flow statement

EUR million	Note	2012	2011	2010
Cash flow from operating activities				
Profit for the year		40.9	73.0	65.9
Adjustments for:				
Depreciation, amortisation and impairment		24.2	20.3	18.0
Other adjustments for non-cash transactions		-12.3	-5.3	-1.2
Financial income and expenses		3.6	3.0	3.6
Gains/losses on the sale of tangible and intangible assets		-2.5	-5.5	0.0
Taxes		16.7	29.0	29.5
Total adjustments		29.7	41.5	49.9
Change in working capital:				
Change in trade and other receivables		44.1	-103.1	-65.3
Change in inventories		0.4	0.4	-3.2
Change in trade and other payables		-40.9	-1.7	-23.0
Total change in working capital		3.6	-104.4	-91.5
Interest paid		-5.0	-5.0	-5.4
Other financial items, net		-3.3	-0.9	-0.3
Interest received		1.3	0.9	0.6
Dividends received		0.0	0.1	0.1
Taxes paid		-17.9	-20.0	-19.1
Net cash generated from (used in) operating activities		**49.3**	**-14.8**	**0.2**
Cash flow from investing activities				
Acquisition of subsidiaries and business operations, net of cash	3	-7.3	-8.9	-35.2
Purchases of property, plant and equipment	13	-5.7	-5.3	-1.2
Purchases of intangible assets	14	-0.9	-0.8	-0.3
Disposals of subsidiaries and operations, net of cash	4		5.9	
Proceeds from sale of tangible and intangible assets		4.4	0.5	4.0
Proceeds from sale of available-for-sale financial assets		0.7	2.7	0.1
Net cash used in investing activities		**-8.8**	**-5.9**	**-32.6**
Operating cash flow after investments		**40.5**	**-20.7**	**-32.4**
Cash flow from financing activities				
Proceeds from borrowings	24		35.0	
Repayment of borrowings	24	-15.0	-36.2	-19.4
Change in current liabilities, net	24		-1.4	-28.6
Payments of financial leasing debts		-0.5	-0.9	-0.1
Equity financing with YIT Group, net		-81.9	70.0	47.3
Net cash used in financing activities		**-97.4**	**66.5**	**-0.8**
Net change in cash and cash equivalents		**-56.9**	**45.8**	**-33.2**
Cash and cash equivalents at the beginning of the year		154.5	106.2	136.1
Foreign exchange rate effect on cash and cash equivalents		3.1	2.5	3.3
Cash and cash equivalents at the end of the year	21	**100.8**	**154.5**	**106.2**

The notes are an integral part of the carve-out financial statements.

Combined statement of changes in invested equity

EUR million	Attributable to equity holders of Caverion Group Invested equity	Cumulative translation differences	Fair value reserve	Total	Non-controlling interest	Total invested equity
Invested equity January 1, 2012	445.6	3.8	0.2	449.5	0.5	450.0
Comprehensive income						
Profit for the year	40.8			40.8	0.1	40.9
Other comprehensive income:						
Cash flow hedges			-0.1	-0.1		-0.1
- Deferred tax			0.0	0.0		0.0
Change in fair value of available-for-sale assets			-0.4	-0.4		-0.4
- Deferred tax			0.1	0.1		0.1
Change in translation differences		3.9		3.9		3.9
Comprehensive income, total	40.8	3.9	-0.3	44.4	0.1	44.5
Related party transactions						
Share-based incentive schemes	1.0			1.0		1.0
Equity transactions with YIT Group	-81.9			-81.9		-81.9
Related party transactions, total	-80.9	0.0	0.0	-80.9	0.0	-80.9
Invested equity December 31, 2012	**405.5**	**7.7**	**-0.1**	**413.1**	**0.6**	**413.7**

EUR million	Attributable to equity holders of Caverion Group Invested equity	Cumulative translation differences	Fair value reserve	Total	Non-controlling interest	Total invested equity
Invested equity January 1, 2011	300.7	4.9	-0.2	305.3	0.4	305.7
Comprehensive income						
Profit for the year	72.9			72.9	0.1	73.0
Other comprehensive income:						
Cash flow hedges			0.0	0.0		0.0
- Deferred tax			0.0	0.0		0.0
Change in fair value of available-for-sale assets			0.5	0.5		0.5
- Deferred tax			-0.1	-0.1		-0.1
Change in translation differences	1.7	-1.1		0.6		0.6
Comprehensive income, total	74.6	-1.1	0.4	73.9	0.1	74.0
Related party transactions						
Share-based incentive schemes	0.3			0.3		0.3
Equity transactions with YIT Group	70.0			70.0		70.0
Related party transactions, total	70.3	0.0	0.0	70.3	0.0	70.3
Invested equity December 31, 2011	**445.6**	**3.8**	**0.2**	**449.5**	**0.5**	**450.0**

EUR million	Attributable to equity holders of Caverion Group Invested equity	Cumulative translation differences	Fair value reserve	Total	Non-controlling interest	Total invested equity
Invested equity January 1, 2010	185.0	-5.0	-0.1	179.9	0.4	180.3
Comprehensive income						
Profit for the year	65.9			65.9	0.0	65.9
Other comprehensive income:						
Cash flow hedges			-0.1	-0.1		-0.1
- Deferred tax			0.0	0.0		0.0
Change in translation differences	2.2	9.9		12.1		12.1
Comprehensive income, total	68.1	9.9	-0.1	77.9	0.0	77.9
Related party transactions						
Share-based incentive schemes	0.3			0.3		0.3
Equity transactions with YIT Group	47.3			47.3		47.3
Related party transactions, total	47.6	0.0	0.0	47.6	0.0	47.6
Invested equity December 31, 2010	**300.7**	**4.9**	**-0.2**	**305.3**	**0.4**	**305.7**

The notes are an integral part of the carve-out financial statements.

Notes to the carve-out financial statements

1. ACCOUNTING PRINCIPLES FOR THE CARVE-OUT FINANCIAL STATEMENTS

Background

YIT Corporation (“YIT” or “YIT parent company”) with its subsidiaries (“YIT Group”) is a service company in building systems, construction services and services for industry. YIT Group offers technical building systems installations as well as service and maintenance of building systems for real estates and industry (“Building Systems business”) and residential construction for households, construction of business premises and infrastructure (“Constructions Services business”).

The Board of Directors of YIT has on February 21, 2013 approved the demerger plan concerning a partial demerger. According to the demerger plan, YIT will demerge so that all of the assets and liabilities related to YIT’s Building Systems business are transferred to a company to be established in the demerger named Caverion Corporation (“Caverion” or “Caverion parent company”). YIT’s Construction Services business will remain with YIT. The purpose of the demerger is to execute the division of YIT Group’s different businesses into independent groups so that the Building Systems business, which primarily consist of Building Services Northern Europe and Building Services Central Europe, shall be formed as one group of companies and the Construction Services business, which mainly consists of Construction Services Finland and International Construction Services, shall be formed as another group of companies. The planned registration date for the demerger is June 30, 2013, after which the shares of Caverion will be admitted for public trading on NASDAQ OMX Helsinki Oy. The trading with Caverion shares is intended to commence as soon as possible after the implementation of the demerger. According to the demerger plan, YIT’s shareholders shall receive as demerger consideration one share in Caverion for each share owned in YIT.

Caverion has not in the past formed a separate legal group. The carve-out financial statements presented herein reflect income and expenses, assets and liabilities and cash flows of those entities that have historically formed the Building Services business within YIT Group, which consists of YIT’s reportable segments Building Services Northern Europe and Building Services Central Europe. The carve-out financial statements also include those income and expenses, assets and liabilities and cash flows from YIT parent company and Perusyhtymä Oy which can be allocated to Building Systems business. Collectively these entities and income and expenses, assets and liabilities and cash flows will form a separate legal group after the YIT’s demerger and are referred to as “Caverion Group” or “Group” in these carve-out financial statements.

The carve-out financial statements have been prepared in accordance with the basis of preparation and accounting policies set out below. The carve-out financial statements of Caverion Group has been prepared for the inclusion in the prospectus to be prepared by YIT for YIT’s EGM approving the partial demerger and for the listing of Caverion shares on the NASDAQ OMX Helsinki Oy.

Basis of preparation

The carve-out financial statements of Caverion Group for the year ended December 31, 2012, 2011 and 2010 have been prepared on a carve-out basis from YIT’s consolidated financial statements using the historical income and expenses, assets and liabilities and cash flows attributable to Building Services business. The carve-out financial statements also include allocations of income, expenses, assets, liabilities and cash-flows from the YIT parent company and Perusyhtymä Oy. These carve-out financial statements have been authorized for issue by Board of Directors of YIT on June 3, 2013.

The carve-out financial statements may not be indicative of Caverion Group’s future performance and they do not necessarily reflect what its combined results of operations, financial position and cash flows would have been, had Caverion with its subsidiaries operated as an independent group and had it presented stand-alone financial statements during the periods presented.

The carve-out financial statements have been prepared on a going concern basis and under the historical cost convention, except for the 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.

The carve-out financial statements of Caverion Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, under consideration of the principles for determining which assets and liabilities, income and expenses as well as cash flows are to be assigned to Caverion Group as described under "Basis of accounting" below. References to "IFRS" hereafter should be construed as references to IFRS as adopted by EU. Hereafter by "IFRS" is referred to IFRS standards endorsed by the EU.

IFRS does not provide guidance for the preparation of carve-out financial statements, and accordingly in preparing the carve-out financial statements certain accounting conventions commonly used for the preparation of historical financial statements for inclusion in Prospectuses have been applied. The application of these conventions has been described under "Basis of accounting" below.

The carve-out financial statements are presented in millions of euro, except when otherwise indicated. Rounding differences might occur.

The following section describes how the carve-out financial statements for Caverion Group have been prepared.

Basis of accounting

Structure of the carve-out financial statements

The following entities and financial statement items have been included in these carve-out financial statements:

- YIT Building Systems Oy and its subsidiaries. which will be transferred to Caverion Corporation in the demerger
- YIT Industry Ltd and its subsidiaries, which will be transferred to Caverion Corporation in the demerger.
- Assets, liabilities, income and expenses from the demerging YIT Corporation and Perusyhtymä Oy that relate to the Building Services business.

The Caverion Group carve-out financial statements include all those legal entities that have historically formed YIT's reportable segments Building Service Northern Europe and Building Service Central Europe. The historical financial information of those entities included in the carve-out financial statements on the entities' separate financial statements which have been used in preparing YIT's consolidated financial statements.

The Caverion Group carve-out financial statements consist of assets, liabilities, results of operations and cash flows of the acquired entities within the Building Systems business from the date of acquisition. The assets, liabilities, results of operations and cash flows from the sold entities are included in the carve-out financial statements until the entities have been sold.

Principles applied in preparing the carve-out financial statements

The following summarizes the accounting and other principles applied in preparing the carve-out financial statements. YIT management considers that the allocations described below have been made on a reasonable basis, but are not necessarily indicative of the costs that would have been incurred if Caverion had been a stand-alone entity.

Intercompany transactions and transactions with related parties

Intercompany transactions and assets and liabilities between entities included in the carve-out financial statements have been eliminated. The carve-out financial statements include the Caverion Group's transactions and balance sheet items. Intercompany transactions and balance sheet items with other YIT Group companies previously considered as intercompany transactions in YIT reporting have been treated as transactions with related parties.

In the carve-out financial statements, the intercompany receivables and liabilities of YIT parent company where the counterparty has been a subsidiary belonging to the Caverion Group have been allocated to the Caverion parent company, including the financial income and expenses relating to these receivables and liabilities.

Acquisition costs relating to Caverion subsidiaries owned by YIT parent company have been allocated to Caverion parent company and the acquisition cost method has been used to eliminate the acquisition of subsidiaries.

Invested equity

Caverion has not in past formed a separate legal group nor presented any stand-alone financial statements, and accordingly it is not conceivable to present share capital or an analysis of equity reserves. The net assets of Caverion group are represented by capital invested in Caverion Group and shown as “invested equity”.

Changes in net assets allocated to Caverion are presented separately in the combined statement of changes in invested equity through line “Equity transactions with YIT Group” and in the cash flow statements through line “Equity financing with YIT Group, net”, reflecting the internal financing between YIT Group and Caverion Group during the periods presented. The amount of which is affected by the net assets allocated to the Caverion parent company. The net assets allocated to Caverion parent company consists mainly of investments in group companies, intercompany receivables and liabilities, financial liabilities, other receivables and liabilities and net cash and cash equivalents.

These carve-out financial statements are presented in euro, which is Caverion parent company’s functional and reporting currency. The Caverion Group entities have also other functional currencies. Translation differences arising from translating the results for the period and equity are recognized in invested equity and their changes are presented in other comprehensive income.

Cash management and financing

Cash management is centralized so that YIT manages Group’s cash needs mainly through cash pool arrangement. Caverion Group’s cash and cash equivalents comprise of cash in the centralized cash pool of YIT parent entity transferred to Caverion and cash held by Caverion entities. Caverion receives the proportion of cash and cash equivalents of YIT Corporation that equals the portion of intra-group account liabilities allocated to Caverion compared to the entire intra-group account liabilities to all YIT Group’s direct and indirect subsidiaries. No interest income has been allocated related to these cash and cash equivalents allocated to Caverion.

YIT Group’s external financing is centralized to the group’s parent entity. Subsidiaries’ working capital needs have been funded in addition to cash pool arrangement mainly by intercompany loans.

The external debt financing of the demerging YIT parent entity that is directly attributable to the operations of Caverion, and interest expenses relating to the financing, are included in the carve-out financial statements. In addition, carve-out financial statements comprise debt financing of the Caverion entities to third parties and interest expenses relating to these.

The partial demerger is subject to investors’ approval and renegotiation of financing. YIT has been negotiating with the primary financers and been able to confirm adequate financing and credit and guarantee facilities for the demerging businesses. In February 2013 new financing arrangements have been agreed with Nordic financial institutions to Caverion, these comprise a EUR 140 million long-term loan facility, a EUR 60 million long-term credit facility and up to EUR 67 million bridge financing. The carve-out financial statements have not been adjusted to present the effects of the reorganization of financing.

Therefore the financing costs included in the carve-out financial statements may not necessarily represent what the financing costs would have been, if Caverion had historically obtained financing on a stand-alone basis. It is not representative of the cost of financing that will arise in the future.

Derivatives

External derivative contracts entered by YIT have been allocated to Caverion if those are directly connected with Caverion. These are the interest rate swap related to the financing loan and the currency swaps relating to the cash pool arrangement.

Income tax

During the periods presented in these carve-out financial statements, the legal entities in the Caverion group have operated as separate taxpayers. For these entities the tax charges and the tax liabilities and –receivables in the carve-out financial statements are based on actual taxation.

The taxes allocated to Caverion from the demerging YIT parent company have been calculated as Caverion had been a separate taxpayer. Therefore, the income tax for the period of Caverion parent company is the amount of tax payable or refundable based on the entity's hypothetical tax returns, and it is presented as current tax expense in the combined income statement. In the combined balance sheet these tax entries are presented as transactions through invested equity, because any payable or refundable taxes will not arise to Caverion parent company due to these hypothetical taxes. Deferred taxes on temporary differences are recognized where such temporary differences exist.

The tax charges recorded in the combined carve-out income statement are not necessarily representative of the tax charges that may arise in the future.

Pensions

Pensions and other post-employment benefit plans and their respective portion of the plan liabilities, plan assets, interest and service costs have either been included or allocated to Caverion Group from YIT parent company for the purpose of preparing these carve-out financial statements.

Centrally provided services

YIT Group has historically recharged centrally provided services from its subsidiaries, such as financing, IT, HR and services related to the premises. Historically these recharged costs have been allocated to Caverion Group entities, and they are included in the carve-out financial statements.

YIT parent company has also been responsible for the management and general administration of the YIT Group. The income and expenses of YIT parent company have been allocated to the Caverion parent company mainly based on the transferring employers and subsidiary allocations. The carve-out financial statements include also employee cost allocations relating to Caverion parent company's employees' participation in the YIT share-based compensation plan.

The need for such centralized services will remain after the legal separation of Caverion from YIT. However, the costs may be different and thus will not be comparable to the amounts reflected in the carve-out financial statements.

Leases

In the carve-out financial statements the non-cancellable operating leases allocated to Caverion Group include lease agreements of Caverion subsidiaries with third parties and lease agreements for office facilities with YIT Group. The minimum lease payments of the non-cancellable lease agreements made with YIT Group presented in the carve-out financial statements are equivalent with the minimum lease payments of the corresponding external lease agreements made by YIT Group.

The minimum lease payments of the non-cancellable lease agreements might change substantially after Caverion has been demerged legally from YIT and therefore, they may not be representative of the future lease obligations.

Earnings per share

As the financial statements have been prepared on a carve-out basis, it is not possible to measure earnings per share. Caverion did not have any share capital during the periods presented nor could any shares been carved out form the total amount of YIT's outstanding shares. Additionally, the income statement information included in the carve-out financial statements does not include interest expenses on the borrowings transferred to Caverion in connection with the demerger. For these reasons, the management considers that presenting an earnings per share ratio would not accurately reflect the historical earning per share. Accordingly, the requirement of IAS 33 "Earnings per share" to disclose earnings per share has not been complied with.

Accounting principles

Consolidation

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

Associated companies

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

Joint ventures

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

Transactions with non-controlling interests

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

When the Group ceases to have control, any remaining interest in the entity is re-measured at fair value, with the change in the carrying amount recognised through profit and 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

Items included in the Caverion carve-out financial statements of each group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These carve-out financial statements are presented in euros.

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 expemses". 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.

Translation of foreign Group companies

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

Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries are entered in shareholders' equity. When a foreign subsidiary is disposed 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 in the carve-out financial statements January 1, 2010 are based on the transferring entities accrued translation differences from the YIT Group financial statements December 31, 2009.

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.

Currency exchange rates used in the carve-out financial statements:

		Income statement January-December, 2012	**Income statement January-December, 2011**	**Income statement January-December, 2010**	**Balance sheet December 31, 2012**	**Balance sheet December 31, 2011**	**Balance sheet December 31, 2010**
1 EUR =	CZK	25.146	24.591	25.2910	25.151	25.787	25.061
	DKK	7.4438	7.4506	7.4471	7.4610	7.4342	7.4535
	EEK			15.6466			15.6466
	HUF	289.32	279.78	275.34	292.30	314.58	277.95
	MYR	3.9687	4.2555	4.1896	4.0347	4.1055	4.0950
	NOK	7.4752	7.7929	8.0056	7.3483	7.7540	7.8000
	PLN	4.1843	4.1196	3.9951	4.0740	4.4580	3.9750
	RUB	39.9239	40.8816	40.2718	40.3295	41.765	40.82
	SEK	8.7061	9.0289	9.5447	8.5920	8.9120	8.9655
	SGD	1.6059	1.7490	1.7640	1.611	1.6819	1.7136
	USD	1.2854	1.3918	1.3463	1.3194	1.2939	1.3362
	LVL	0.6973	0.7028	0.7028	0.6977	0.7028	0.7028
	LTL	3.4528	3.4528	3.4528	3.4528	3.4528	3.4528

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
Office furniture	5 years
Computers and computer supplies	3-5 years
Other tangible	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 expenses.

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.

Intangible assets

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.

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 Caverion 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.

Other intangible assets acquired in connection with business acquisitions are recognised separately from goodwill if they fulfill 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

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 Caverion 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, Caverion 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 higher of the fair value of the asset item less 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 14.

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 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.

Lease agreements

Group as lessee

Lease agreements concerning assets in which the Caverion 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 present value of the minimum lease liabilities. 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 operating lease agreements. Rents paid on operating lease agreements are expensed in even installments in the income statement over the duration of the rental period. Incentives received are deducted from the rents paid on the basis of the time pattern of the benefit.

Non-current assets held for sale

Non-current assets 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.

Employee benefits

Pension liabilities

The Caverion 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 Caverion Group has defined benefit pension plans in Norway, Austria and Germany. Obligations connected with the Group's defined benefit plans are calculated by independent actuaries. The discount rate used in calculating the present value of the pension liability is the market rate of high-quality corporate bonds. In 2011 the market rate of corporate bonds in Norway could not be calculated reliable and the interest rate of treasury notes was used instead. The maturity of the reference rate substantially corresponds to the maturity of the calculated pension liability. In defined benefit plans, the pension liability presented is the current value of future pension payments at the closing date less the fair value of the plan assets at the closing date together with adjustments for actuarial gains or losses and past service costs. Pension expenditure is expensed in the income statement. periodising the costs over the time in employment of the employees. Actuarial gains and losses in excess of a certain range of variation are entered through profit and loss for the average remaining time in employment of the employees. Occupational pensions in Sweden have been insured under a pension scheme shared with numerous employers. It has not been possible to acquire sufficient information about these pension liabilities to divide liabilities and assets by employer. Occupational pensions in Sweden have been treated on a defined contribution basis. Supplementary pension insurance liabilities in Finland are recorded on a defined benefit basis.

Share-based payments

YIT has a share-based incentive plan for its key personnel. Possible rewards will be paid as a combination of YIT corporation shares and cash settlement based on achieved financial target levels. The cost effect of equity-settled 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 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.

On April 25, 2013 the Board of Directors of the YIT Corporation has made a decision about removing the restriction of transfer and obligation to return the shares from the YIT shares that are owned or received on the basis of the share-based incentive plan by employees transferring to Caverion Group. Respectively, in the demerger, a restriction of transfer and obligation to return the shares to Caverion Corporation in accordance with the original terms will be added to the shares of Caverion Corporation to be given to the employees. In the carve-out financial statements of Caverion Group, expenses relating to the share-based incentive plan have been presented as historically realised at the YIT Group.

Termination benefits

Termination benefits are payable when employment is terminated by the Caverion Group before normal retirement. The Caverion 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 Caverion 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 present 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 onerous contracts when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the contract. The amount of the guarantee reserve is set on the basis of experience of the materialisation of these commitments. Provisions for restructuring are recognised when the Caverion 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 Caverion 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 Caverion Group's control is realised. In addition, an existing obligation that probably does not require the fulfilment of debt or whose amount cannot be reliably assessed is considered a contingent liability. Contingent liabilities are presented in the notes.

Income taxes

Tax expenses in the income statement comprise taxes on the taxable income for the financial period and the change in deferred taxes. 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 business combinations and unused tax losses.

Deferred 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 recognises 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 Caverion Group with the related risks and revenue.

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

The financial assets are classified at initial recognition 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. Currency swaps that do not meet the criteria of hedge accounting are classified in this category. Derivatives are originally measured at fair value when the Caverion 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 financial income and expenses in the financial period in which they were incurred. Derivatives are non-current assets (Receivables) when their maturity is more than 12 months and current assets (Trade and other receivables) when the remaining maturity is less than 12 months. Derivatives may also be liabilities; their accounting principles are specified below under "Financial liabilities."

Loans and receivables

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

Trade and other receivables are classified as current if the maturity date is within 12 months after the closing date, otherwise they are classified as non-current. They are initially measured at fair value and subsequently at amortised cost using the effective interest rate method less any impairment. The changes are recognised in the income statement 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 of investments relating to pension schemes. 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. When fair value can be evaluated reliably, the changes in fair value are recognised in the other comprehensive income and are presented in the fair value reserves in shareholders' equity, taking the tax impact into consideration. Changes in fair value are transferred from the fair value reserve to financing income or expenses when the Group disposes of an available-for-sale financial asset or its value has declined such that an impairment loss must be recognised on it. Impairment of an equity investment classified as an available-for-sale financial asset is not derecognised through profit and 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 recognised 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 Caverion 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. The fair value of available-for-sale financial assets is considered decreased when their value has decreased significantly over a longer term. In this case, changes to the fair value are entered from shareholders' equity to the income statement. Impairment losses to equity investments classified as available-for-sale financial assets are not derecognised through profit and 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 trade receivables immediately when there is objective evidence that the receivable cannot be collected in full. In addition, delay or default on a payment by the debtor or known financial difficulties of the debtor are considered additional factors indicative of an impairment of trade receivables. According to the Group's principle concerning the valuation of trade receivables. 50% of unsecured and uncertain receivables overdue more than 180 days and 100% of those overdue more than 360 days is recognised as an expense. Due to the application of the percentage of completion method, 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 amortised 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 subsequently measured at amortised cost using the effective interest rate method. 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.

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 Caverion 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 hedge accounting is not applied have been classified into this category. Derivatives are originally measured at fair value when the Caverion 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 financial income and expenses in the financial period in which they were incurred. Derivatives are non-current liabilities when their maturity is more than 12 months (Other liabilities) and current liabilities when the remaining maturity is less than 12 months (Trade and other payables).

Fair value of derivative instruments and hedge accounting

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

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

Revenue recognition

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

Goods and services sold

Caverion Group offers building services and industrial services and maintenance. 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 agreements

Long-term service agreements and building service projects are recorded as revenue on the basis of the degree of completion when the end result of the project can be estimated reliably. The degree of completion of long-term service agreements is calculated on the basis of the share of the estimated total cost of a contract represented by the costs realised at the time of assessment. Costs in excess of the degree of completion are capitalised in work in progress included in advances received from long-term projects. Invoicing, which exceeds the degree of completion is periodised in related accrued income. Advances are deducted from the accrued income on the basis of completion.

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 are 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. The duration of the building service projects vary by country from one month to two years.

The Group can also carry out an agreed single project or a long-term service agreement through a construction consortium. The construction consortium is not a separate legal entity. The participating companies have usually a joint responsibility. Projects and long-term service agreements performed by the consortium are included in the reporting of the group company concerned and are entered as profit by the degree of completion according to the group company’s effort.

Interest and dividends

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

Critical accounting estimates and judgements

When financial statements are prepared in accordance with IFRS, the Group management must make estimates and exercise judgement in the application of the accounting policies. Estimates and assumptions have an effect on the amounts of income, expenses, 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 14. 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 discount rate has been increased with a branch specific risk factor.

The amount of impairments has been assessed in proportion to different time periods and the sensitivity has been analysed in the changes of the discount rate, profitability and in the increase of the residual value. In 2012, the goodwill testing caused an impairment amounting EUR 0.9 million regarding the goodwill of Poland. Otherwise these analyses and estimations have not given an indication for impairment. As at December 31, 2012, 2011 and 2010 the goodwill of Caverion Group amounted to EUR 335.7 million, EUR 336.6 million and EUR 340.0 million, respectively.

Percentage of completion revenue recognition of long-term projects

Due to estimates included in the revenue recognition of long-term service agreement and building service 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. For the years ended 31 December 2012, 2011 and 2010 the revenue from long-term service agreement and building service projects amounted to EUR 2,006.4 million, EUR 2,087.9 million and EUR 1,653.5 million, respectively and they were 72%. 73% and 70% of the Caverion Group total 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. As at December 31, 2012, 2011 and 2010 the deferred taxes amounted to EUR 5.5 million, EUR 8.7 million and EUR 6.6 million.

Provisions

The recognition of provisions is associated with estimates concerning probability and quantity. Provisions are booked for onerous contracts when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the contract. The amount of the guarantee is set on the basis of experience of the materialisation of these commitments. As at December 31, 2012, 2011 and 2010 the provisions amounted to EUR 30.2 million, EUR 35.7 million and EUR 40.8 million.

Pension benefits

The present 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. As at December 31, 2012, 2011 and 2010 the pension liabilities amounted to EUR 26.7 million, EUR 26.2 million and EUR 26.6 million

Trade receivables

The Group books write-offs or provision on receivables when it is evident that no payment can be expected. Caverion 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. As at December 31, 2012, 2011 and 2010 trade receivables amounted to EUR 444.8 million, EUR 445.9 million and EUR 388.7 million.

Carve-out adjustments

Carve-out financial statements include the allocations of income, expense, assets, liabilities and cash flows that are described in note 2, which are based on management judgment, assumptions and estimates. The areas in the carve-out adjustments that involve higher degree of judgment, assumptions and estimates in these carve-out financial statements is related to financial liabilities and interests, group administration costs, taxes and invested equity.

New and amended standards adopted as of January 1, 2012

Impact of the new standards adopted as of January 1, 2012 to the carve-out financial statements:

- IFRS 7 (amendment) Financial instruments: Disclosures on transfers on financial assets. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. The amendment does not have any impact on the carve-out financial statements.

Evaluation of the future impact of new standards and interpretations

IASB has published the following new or amended standards and interpretations, which Caverion group has not applied for or EU commission has not approved yet. Caverion group will adopt them in the financial statements for the year 2013 or later.

- IFRS 13 Fair value measurement: Standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The Group will adopt the standard in its 2013 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.

- IAS 1 (amendment) Presentation of statements of changes in equity: The amendment clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The Group will adopt the standard in its 2013 financial statements.

- IAS19 (revised) Employee benefit: Revised standard includes changes to accounting principles of defined benefit plans. The Caverion Group will adopt the standard in its 2013 financial statements. The corridor approach was eliminated and all actuarial gains and losses are to be recognised to OCI. The net asset or liability as a whole is to be booked to balance sheet. The expected return on fund assets is to be calculated using the same interest rate when discounting the net present value of pension liability. The adoption the 1 January 2013 will increase the pension obligations in the balance sheet by approximately EUR 25 million, decrease the other non-current assets by approximately EUR 10 million, decrease the deferred tax liabilities by approximately EUR 9 million and decrease the equity through OCI by approximately EUR 26 million. The change in fair value of employee benefit will be booked to OCI, when those previously were amortized through the income statement expense.

- IFRIC 20 Stripping costs in the production phase of a surface mine: The interpretation does not have an impact on the group reporting.

- IFRS 7 (amendment) Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities: The amended disclosures require more extensive disclosures than are currency required on offset financial asset and liabilities. The disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset in the balance sheet. The Group will adopt the standard in its 2013 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.

- Annual improvements 2011. Small and less important improvements to different standards, address six issues in the 2009-2011 reporting cycle. It includes changes to five different standards and the impacts vary by standard. The Group will adopt the standard in its 2013 financial statements.

- IFRS 9: Financial instruments: IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. IFRS 9 covers new requirements of classification and measurement, which will most likely to affect the classification and measurement of financial assets in the Group. The Group will adopt the standard earliest in its 2015 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.

- IFRS 10 Consolidated financial statements and IAS 27 (amendment) separate financial statements. The new standard set out how to apply the principle of control to identify whether an investor. Controls an investee and may affect the fact whether an entity or special purpose vehicle must be consolidated or not. The change requires additional considerations by the management and disclosures. The Group will adopt the standard in its 2014 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.

- IFRS 11 Joint arrangements and IAS 28 Associates and joint ventures (revised): Include guidelines how to consolidate joint arrangements. The treatment is focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets. Liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group will adopt the standard in its 2014 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.

- IFRS 12 Disclosures of interests in other entities: includes the disclosure requirements for all forms of interests in other entities. It increases disclosures requirements of companies with non-controlling interests or where assessment of control is used in consideration or which have been established for a specific purpose. The Group will adopt the standard in its 2014 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.
.
- IAS 32 (amendment) Offsetting Financial Assets and Financial Liabilities: The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32. The amendments clarify that the right of set-off must be available today – that is. it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that certain gross settlement mechanisms are effectively equivalent to net settlement and would therefore satisfy the IAS 32 criterion in these instances. The Group will adopt the amendments in its 2014 financial statements.

- Amendment to IFRSs 10, 11 and 12 on transition guidance. These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Group will adopt the standard in its 2014 financial statements.

2 SEGMENT INFORMATION

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

Caverion's business and reportable segments are Building Services Northern Europe and Building Services Central Europe.

Segments' operating activities are organised as follows:

Building Services Northern Europe
- Servicing, repairs, renovation and modernisation works required in homes and in properties.
- Servicing and maintenance of the HEPAC, electrical and automation systems and individual contracted maintenance and servicing works.
- Maintenance of industrial plants, industrial processes, installations and repairing services. Industrial investments in electrical, automation and ventilation systems, piping and tanks.

Building Services Central Europe
- Servicing, repairs, renovation and modernisation works required in homes and in properties.
- Servicing and maintenance of the HEPAC, electrical and automation systems and individual contracted maintenance and servicing works.
- Maintenance of industrial plants, industrial processes, installations and repairing services. Industrial investments in electrical, automation and ventilation systems, piping and tanks.

Other items
Other items include Group level unallocated costs.

Accounting principles in segment reporting
Building Services Northern Europe and Building Services Central Europe segments' reporting is based on accounting principles described in the carve out financial statements, which correspond to the previous accounting principles used in the YIT Group.

The segments' operative invested capital and return on operative invested capital (%) are monitored and reported regularly on the segment level.

Operative invested capital is determined as follows:
+ Tangible and intangible assets
+ Goodwill
+ Investments in associates
+ Inventories
<u>+ Trade receivables and other non-interest-bearing receivables (excl. items related to taxes. interests and distribution of assets)</u>
= Segment's assets
- Provisions
- Trade payables
- Advances received
<u>- Other non-interest-bearing liabilities (excl. items related to taxes. interests and distribution of assets)</u>
= Segment's liabilities

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

$$\text{Return on operative invested capital, \%} = \frac{\text{Segment's operating profit}}{\text{Operative invested capital on average}} *100$$

Operating segments 2012

EUR million	Building Services Northern Europe	Building Services Central Europe	Other items	Items allocated to segments. total
Segment’s revenue	2,089.2	714.2		2,803.4
Group internal	-0.0	-0.2		-0.2
Revenue from external customers	**2,089.2**	**714.0**	**0.0**	**2,803.2**
Share of profit from associates	0.0			0.0
Operating profit segment/Group	**41.7**	**26.9**	**-7.4**	**61.2**
Operating profit includes:				
Depreciation, amortisation and impairment	-18.3	-5.8		-24.2
Change in provisions	-8.1	4.1		-4.0
Segment’s assets	**890.4**	**344.8**	**0.7**	**1,235.9**
Total assets include:				
Investments	12.0	4.1		16.2
Investments in associates	0.1			0.1
Segment’s liabilities	**512.4**	**245.9**	**0.4**	**758.7**
Segment's operative invested capital	378.0	98.9		
Return on operative invested capital (last 12 months). %	10.7	31.5		

Operating segments 2011

EUR million	Building Services Northern Europe	Building Services Central Europe	Other items	Items allocated to segments. total
Segment’s revenue	2,097.6	779.3		2,876.9
Group internal	-0.9	-0.3		-1.2
Revenue from external customers	**2,096.7**	**779.0**	**0.0**	**2,875.7**
Share of profit from associates	0.0			0.0
Operating profit segment/Group	**78.8**	**33.3**	**-7.1**	**105.0**
Operating profit includes:				
Depreciation and amortisation	-15.4	-4.8		-20.2
Change in provisions	1.7	3.4		5.1
Segment’s assets	**914.4**	**341.9**	**-2.1**	**1,254.1**
Total assets include:				
Investments	14.0	1.9		15.9
Investments in associates	0.1			0.1
Segment’s liabilities	**511.7**	**269.8**	**0.9**	**782.5**
Segment's operative invested capital	402.6	72.0		
Return on operative invested capital (last 12 months). %	21.8	53.8		

Operating segments 2010

EUR million	Building Services Northern Europe	Building Services Central Europe	Other items	Items allocated to segments. total
Segment’s revenue	1,803.6	550.2		2,353.8
Group internal	-0.6	-0.4		-1.0
Revenue from external customers	**1,803.0**	**549.8**	**0.0**	**2,352.8**
Share of profit from associates	0.0			0.0
Operating profit segment/Group	**88.7**	**16.4**	**-6.1**	**99.0**
Operating profit includes:				
Depreciation and amortisation	-15.0	-3.0		-18.0
Change in provisions	8.3	-21.7		-13.4
Segment’s assets	**797.7**	**353.0**	**-4.0**	**1,146.7**
Total assets include:				
Investments	17.8	74.8		92.6
Investments in associates	0.1			0.1
Segment’s liabilities	**478.7**	**301.5**	**1.7**	**781.9**
Segment's operative invested capital	319.0	51.5		
Return on operative invested capital (last 12 months) %	23.3	46.9		

Segment information reconciliation

EUR million	Group 2012	Group 2011	Group 2010
Reconciliation of profit for the year			
Operating profit	61.2	105.0	99.0
Unallocated items:			
Financial income and expenses	-3.6	-3.0	-3.6
Profit before taxes	57.6	102.0	95.4
Taxes	-16.7	-29.0	-29.5
Non-controlling interests	-0.1	-0.1	0.0
Profit for the year	40.8	72.9	65.9

EUR million	Group 2012	Group 2011	Group 2010
Assets			
Assets allocated to segments	1,235.9	1,254.1	1,146.7
Unallocated items:			
Cash and cash equivalents	100.8	155.4	106.2
Available for sale assets	2.5	2.9	2.4
Tax related items	10.2	11.5	10.3
Assets held for sale			19.8
Assets total	1,349.4	1,423.8	1,285.5
Liabilities			
Liabilities allocated to segments	758.7	782.5	781.9
Unallocated items:			
Interest-bearing liabilities	91.0	106.8	108.1
Tax related items	85.4	83.4	71.4
Periodisations of financial items	0.6	1.1	1.2
Liabilities held for sale			17.2
Liabilities total	935.7	973.8	979.8

Geographical information

In geographical information revenue is presented by location of customers and non-current assets are presented by location of assets.

EUR million	2012 Revenue from external customers	2012 Non-current assets	2011 Revenue from external customers	2011 Non-current assets	2010 Revenue from external customers	2010 Non-current assets
Finland	585.8	120.8	612.7	122.6	544.4	124.8
Sweden	723.8	58.4	732.7	57.4	576.3	52.3
Norway	564.6	94.7	519.2	87.8	467.2	87.8
Germany	521.1	97.6	629.5	97.2	396.3	99.1
Austria	157.5	20.0	110.2	21.5	104.7	22.4
Denmark	142.8	10.6	166.7	12.2	141.3	14.5
Other Central Europe	32.3	3.6	31.0	4.7	44.5	8.5
Russia	32.0	0.3	31.3	0.9	26.5	1.0
Baltic countries	25.5	0.2	27.0	0.2	16.5	0.1
Other Europe	2.0		0.8		17.9	
Other countries	15.9	0.1	14.6	0.0	17.1	0.0
Group total	2,803.2	406.5	2,875.7	404.3	2,352.8	410.5

3 ACQUISITIONS

Acquisitions in 2012

In Sweden, Building Services Northern European segment acquired the share capital of Elektriska Installationer i Finspång AB. a company specialising in electricity, telecommunications, data, alarm and low voltage installations, and its sister company Kraftmontage i Finspång AB. specialising in electrical installations in February. In Norway, the share capital of electrical installations specialist Madla Elektro AS in March was acquired. In Sweden, the security business operations of Level5 security was acquired in April and the share capital of electrical installations company Dala Elmontage Lindkvist & Bodin Ab was acquired in May.

During the first half of the year 2012, two aqcuistions were made in the Building Services Central Europe segment. In Austria, the Group acquired the share capital of P&P Kältenangebau GmbH. a cooling solutions and service provider, and the share capital of WM Haustechnik GmbH. an HVAC solution provider.

The total acquisition price amounted to EUR 9.5 million. The acquisitions did not result in goodwill.

Acquisitions in 2011

Building services Northern European segment acquired in Sweden Pharmaplan AB in January. Orab i Sydost Ab specializing in industrial pipe works in April, and Johnson Control's Commercial Refridgeraation – businesses. Frisk Ventilation AB a supplier of ventilation – related services in May. MISAB Sprinkler & VVS AB and Sakari Timonen business operations in July and Mercur VVS group in September.

Total acquisition price amounted to EUR 9.4 million. With these local acquisitions, the market share was strengthened and the acquisition price over the net assets acquired was allocated to customer base.

Acquisitions in 2010 –other than caverion GmbH and its subsidiaries

The Northern Europe Building services segment implemented many small business acquisitions. The companies acquired were Eltjänst Br Björk Installation AB. Ekonomisk Luftbehandling AB. Fristads Rör-El AV. G:sson Teleteknik AB. Ferm VVS and Jansson & Erikosson Ekonomisk Luftbehandling AB in Sweden. Ugelvik Nesset AS, Haug og Ruud AS and Energiprosjekt in Norway and Brdr. Petersesn Eftf A/S and Carl Christensen & Co. A/S in Denmark.

The following table describes the final acquisition values, which also include adjustments made to preliminary values, which have not had material effect on the financial period result.

Composition of acquired net assets and goodwill

EUR million	2012	2011	2010
Consideration			
Cash	8.5	8.0	11.6
Contingent consideration	1.1	1.4	0.5
Total consideration	9.5	9.4	12.1
Acquisition-related costs			
(recognised as expenses)	0.2	0.3	

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR million	2012	2011	2010
Cash and cash equivalents	1.1	0.5	1.3
Property, plant and equipment	0.5	0.8	2.6
Customer base	1.6	11.6	14.0
Order backlog	4.5		
Other intangible assets	12.9		
Inventories	0.9	0.3	1.2
Trade and other receivables	6.6	10.6	7.4
Deferred tax liabilities, net	-2.0	-1.1	-0.3
Trade and other liabilities	-16.6	-13.3	-14.1
Total identifiable net assets	**9.5**	**9.4**	**12.1**
Non-controlling interest			
Goodwill			
Total	**9.5**	**9.4**	**12.1**
Revenue included in the income statement for the period	17.4	7.8	11.8
Profit for the period included in the income statement for the period	0.2	-0.2	-2.4
Revenue had the consolidation taken place from the beginning of the financial year	19.0	12.1	11.8
Profit for the period had the consolidation taken place from the beginning of the financial year	0.4	0.3	-2.4

Acquisitions in 2010 - caverion GmbH and its subsidiaries

In the Central European Building Services segment, it was agreed in June 23, 2010, that the entire share capital of caverion GmbH will be acquired. The most significant countries of operation for caverion GmbH and its subsidiaries are Germany, Poland and Hungary. The completion of the transaction was subject to approval by the competition authorities, which was received at the end of August 2010. Caverion GmbH and its subsidiaries have been consolidated from September 1, 2010.

The final purchase price of the caverion GmbH shares was EUR 73.0 million, and it has been paid in cash. The fair value of the acquired identifiable intangible assets is approximately EUR 4.4 million. The preliminary net fair value of the assets held for sale was approximately EUR 2.6 million and the fair value of trade receivables approximately EUR 35.8 million. The preliminary value of goodwill recognized from the acquisition was approximately EUR 59.9 million.

According to the management's estimate, the goodwill is based on the operational network provided by the companies, competence of the personnel and market share in the Central European market as well as shifting the focus of business operations in the acquired units towards long-term service agreements and servicing and maintence operations. Significant synergy benefits are seen in operational models that will be harmonized, the expanding service offering and procurement.

The available for sale assets realised price of sale in 2011 was EUR 2.7 million. The final fair value of trade receivables was EUR 37.7 million. Respectively, the final goodwill amounted to EUR 57.9 million.

Composition of acquired net assets and goodwill

EUR million	Final 2011	Preliminary 2010
Consideration		
Cash	73.0	73.0
Total consideration	73.0	73.0
Acquisition-related costs (recognised as expenses)		1.9

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR million	Final 2011	Preliminary 2010
Cash and cash equivalents	48.0	48.0
Property, plant and equipment	7.8	7.8
Order backlog	4.4	4.4
Compensation for prohibiting competition	0.0	0.0
Assets held for sale	19.9	19.8
Inventories	6.4	6.4
Trade and other receivables	118.7	116.7
Deferred tax liabilities, net	-0.6	-0.6
Pension liabilities	-11.7	-11.7
Loans	-0.3	-0.3
Trade and other liabilities	-160.8	-160.8
Liabilities held for sale	-17.2	-17.2
Total identifiable net assets	**14.7**	**12.7**
Non-controlling interest	0.4	0.4
Goodwill	57.9	59.9
Total	**73.0**	**73.0**

Revenue included in the income statement for the period.		173.4
Profit for the period included in the income statement for the period		6.6
Revenue had the consolidation taken place from the beginning of the financial year		454.2
Profit for the period had the consolidation taken place from the beginning of the financial year		8.7

4 DISPOSALS

Disposed businesses in 2012

There were no disposals in Caverion Group in 2012.

Disposed businesses in 2011

Building Services Central Europe segment disposed its businesses in Hungary by selling three subsidiaries in Hungary at May 31, 2011. The companies were included in the acquisitions in years 2008 and 2010 in Central Europe. The goodwill related to Central Europe was reduced by EUR 1.4 million in Hungarian business divestment.

The selling price of businesses totaled EUR 12.2 million. The net assets at the time of the disposal were EUR 7.0 million so the gain on sale before taxes was EUR 5.2 million. The gain after taxes is EUR 5.2 million and it has been included in other operating income.

Effect of disposed businesses on revenue, net profit and cash flow

EUR million	January 1 – December 31, 2011
Revenue	4.7
Operating expenses	-4.1
Operating profit	0.6
Financial expenses	0.0
Profit before taxes	0.6
Taxes	0.0
Net profit	0.5
Received in cash	12.2
Direct costs related to disposals	-0.6
Cash and cash equivalents in disposed entity	-5.7
Cash flow on disposals	5.9

Effect of disposed businesses on combined assets and liabilities

EUR million	2011
Tangible assets	0.1
Intangible assets	0.0
Goodwill	1.4
Inventories	0.2
Trade and other receivables	3.4
Cash and cash equivalents	5.7
Total assets	10.7
Deferred tax liability	0.0
Trade and other liabilities	3.7
Total liabilities	3.7
Net assets	7.0

Disposed businesses in 2010

There were no disposals in Caverion Group in 2010.

5 LONG-TERM CONTRACTS

EUR million	2012	2011	2010
Long-term service contracts and building service projects revenue recognised as revenue in the period	2,006.4	2,087.9	1,653.5
Contract costs incurred and recognised profits less recognised losses to date for work in progress	2,366.8	1,592.6	1,508.7
Accrued income from long-term service contracts and projects	279.4	287.4	212.3
Advances received	75.4	92.9	104.9

For long-term service contracts and building service projects the costs incurred plus recognised profits, which are higher than the invoiced amount, are shown in the balance sheet under "Trade and other receivables". Advances received and difference that arises if the costs incurred and recognised profits are lower than the invoiced amount is included in "Accounts payable and other liabilities".

6 OTHER OPERATING INCOME

EUR million	2012	2011	2010
Gains on the sale of tangible and intangible assets	2.5	0.4	0.1
Rent income	0.2	0.2	0.5
Gains on disposed companies or businesses		5.2	
Business combinations	4.0		
Personnel-related allowances	2.4		
Other income	3.2	0.5	3.5
Total	12.3	6.3	4.1

7 OTHER OPERATING EXPENSES

EUR million	2012	2011	2010
Losses on the sale of tangible and intangible assets	0.0	0.1	
Expenses for leased office facilities	41.3	40.7	34.3
Other expenses for leases	57.9	50.0	45.8
Voluntary indirect personnel expenses	17.2	8.8	6.7
Other variable expenses for work in progress	70.1	66.4	42.3
Travel expenses	50.6	47.8	30.2
IT expenses	42.0	42.7	32.2
Premises expenses	9.1	9.4	8.2
Other fixed expenses [1)]	45.6	21.1	37.9
Total	333.9	287.0	237.6

1) Other fixed costs include administrative, marketing and other fixed costs.

Audit fee	**2012**	**2011**	**2010**
PricewaterhouseCoopers			
Audit fee	0.6	0.8	0.8
Statement	0.0	0.0	0.0
Tax services	0.3	0.2	0.2
Other services	0.2	0.1	0.7
Total	1.1	1.1	1.7

8 DEPRECIATION, AMORTISATION AND IMPAIRMENT

EUR million	**2012**	**2011**	**2010**
Depreciation and amortisation			
Intangible assets			
on allocations	13.5	9.4	7.4
on other intangible assets	0.7	1.6	1.7
Tangible assets			
on buildings and structures	0.6	0.9	0.9
on machinery and equipment	5.5	5.5	5.5
on machinery and equipment, finance lease	0.4	0.5	0.6
on other tangible assets	2.5	2.4	1.9
Total	23.3	20.3	18.0
Impairment			
on goodwill	0.9		
Depreciation, amortisation and impairments total	24.2	20.3	18.0

9 EMPLOYEE BENEFIT EXPENSES

EUR million	**2012**	**2011**	**2010**
Wages and salaries	874.4	877.1	775.9
Pension costs, defined contribution plan	70.5	64.1	60.0
Pension costs, defined benefit plan	9.1	8.9	5.0
Other post-employment benefits	0.1	0.1	0.1
Share-based compensations	1.7	1.3	1.5
Other indirect employee costs	171.5	139.7	106.6
Total	1,127.3	1,091.2	949.0

Average number of personnel by business segment	**2012**	**2011**	**2010**
Building Services Northern Europe	15,159	16,008	15,562
Building Services Central Europe	3,380	3,640	2,617
Other	53	53	53
Total	18,592	19,701	18,232

Information on the management's salaries and fees and other employee benefits and shareholdings are disclosed in note 32, Related party transactions.

10 RESEARCH AND DEVELOPMENT EXPENSES

The Group's research and development expenses amounted to EUR 14.0 million in 2012, EUR 14.4 million in 2011 and EUR 11.6 million in 2010.

11 FINANCIAL INCOME AND EXPENSES

EUR million	2012	2011	2010
Financial income			
Dividend income on available for sale investments	0.0	0.1	0.1
Interest income on loans and other receivables	1.1	1.3	0.9
Realised gains on available for sale investments	0.5		
Other financial income on loans and other receivables	0.2	0.2	0.2
Financial income, total	1.9	1.6	1.1
Financial expenses			
Interest expenses on liabilities at amortised cost [1)]	-4.6	-4.3	-4.4
Other financial expenses on liabilities at amortised cost	-0.5		
Changes in fair values on financial instruments at fair value through profit and loss account		-0.1	0.0
Interest expenses on finance leases	0.0	-0.1	-0.1
Financial expenses, total	-5.2	-4.5	-4.5
Exchange rate gains	1.0	1.0	0.6
Exchange rate losses	-1.3	-1.1	-0.8
Exchange rate differences, net	-0.3	-0.1	-0.2
Financial expenses, net	-3.6	-3.0	-3.6

1) Interest expenses on liabilities at amortised cost include EUR 0.2 million (EUR 0.2 million in 2011 and EUR 0.4 million in 2010) interest expenses on derivatives with hedge accounting applied for.

12 INCOME TAXES

Income taxes in the income statement

EUR million	2012	2011	2010
Current taxes	9.8	22.7	19.4
Taxes for prior years	-0.8	0.6	1.4
Deferred taxes	7.7	5.7	8.8
Total income taxes	16.7	29.0	29.5

The reconciliation between income taxes in the consolidated income statement and income taxes at the statutory tax rate in Finland 24.5% in 2012 (26.0% in 2011 and 2010) is as follows:

EUR million	2012	2011	2010
Profit before taxes	57.6	102.0	95.4
Income taxes at the tax rate in Finland (24.5% / 26.0% / 26.0%)	14.1	26.5	24.8
Effect of different tax rates outside Finland	2.4	1.8	1.3
Tax exempt income and non-deductible expenses	-1.1	0.1	2.6
Net results of associated companies	0.0	0.0	0.0
Impact of the changes in the tax rates on deferred taxes [1)]	-1.1	-1.0	0.1
Impact of losses for which deferred tax asset is recognized	-0.3	-0.2	-0.1
Impact of losses for which deferred taxes is not recognized	1.3	1.2	-0.6
Reassessment of deferred taxes	2.2	0.0	
Taxes for prior years	-0.8	0.6	1.4
Income taxes in the income statement	16.7	29.0	29.5

1) The effect of the change of tax rate in Sweden from 26.3% to 22% in 2013, in Finland from 26.0% to 24.5% in 2012 and in Hungary from 16 % to 19% in 2011.

13 TANGIBLE ASSETS

2012

EUR million	**Land and Water areas**	**Buildings and Structures**	**Machinery and Equipment**	**Other tangible assets** [1)]	**Advance payments**	**Total**
Historical cost at January 1, 2012	1.7	20.0	67.1	15.9	0.4	105.1
Translation differences		-0.3	1.6	0.2		1.5
Increases		0.1	4.7	1.7	0.2	6.7
Acquisitions			0.5			0.5
Decreases	-0.1	-1.9	-3.3	-0.6	-0.1	-6.0
Historical cost at December 31, 2012	1.6	17.9	70.6	17.2	0.5	107.8
Accumulated depreciation and impairment at January 1, 2012		-11.7	-52.8	-5.9		-70.4
Translation differences		0.2	-1.2	-0.1		-1.1
Depreciation		-0.6	-5.9	-2.5		-9.0
Accumulated depreciation of decreases		1.0	3.0	0.5		4.5
Accumulated depreciation and impairment at December 31, 2012		-11.1	-56.9	-8.0		-76.0
Carrying value January 1, 2012	1.7	8.3	14.3	10.0	0.4	34.7
Carrying value December 31, 2012	1.6	6.8	13.7	9.2	0.5	31.8

2011

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets [1)]	Advance payments	Total
Historical cost at January 1, 2011	1.7	20.1	65.8	14.1	0.5	102.2
Translation differences		0.1	0.0	0.0		0.1
Increases			3.3	2.0	0.1	5.4
Acquisitions		0.0	0.8	0.0		0.8
Decreases		-0.2	-2.8		-0.2	-3.1
Disposals				-0.2		-0.2
Historical cost at December 31, 2011	1.7	20.0	67.1	15.9	0.4	105.1
Accumulated depreciation and impairment at January 1, 2011		-11.0	-48.8	-3.8		-63.6
Translation differences		0.0	0.0	0.0		0.0
Depreciation		-0.9	-5.9	-2.4		-9.3
Accumulated depreciations of decreases		0.2	1.9	0.4		2.5
Accumulated depreciation and impairment at December 31, 2011		-11.7	-52.8	-5.9		-70.4
Carrying value January 1, 2011	1.7	9.1	16.9	10.3	0.5	38.5
Carrying value December 31, 2011	1.7	8.3	14.3	10.0	0.4	34.7

2010

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets [1)]	Advance payments	Total
Historical cost at January 1, 2010	1.5	20.4	62.3	8.5		92.6
Translation differences		0.0	0.0	0.0		0.0
Increases		0.6	3.4	1.5	0.5	5.9
Acquisitions	0.2	1.0	4.0	5.2		10.4
Decreases		-1.8	-3.9	-1.1		-6.8
Historical cost at December 31, 2010	1.7	20.1	65.8	14.1	0.5	102.2
Accumulated depreciation and impairment at January 1, 2010		-11.1	-46.3	-2.8		-60.2
Translation differences		0.0	0.0	0.0		0.0
Depreciation		-0.9	-6.2	-1.9		-9.0
Accumulated depreciation of decreases		1.1	3.6	0.9		5.6
Accumulated depreciation and impairment at December 31, 2010		-11.0	-48.8	-3.8		-63.6
Carrying value January 1, 2010	1.5	9.3	16.0	5.7	0.0	32.4
Carrying value December 31, 2010	1.7	9.1	16.9	10.3	0.5	38.5

1) Other tangible assets include, among other things, leasehold improvement costs.

Finance lease assets

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

Machinery and equipment **EUR million**	**2012**	**2011**	**2010**
Historical cost at January 1	6.9	7.7	6.4
Translation differences	0.2	0.0	0.0
Increases	0.9	0.1	1.2
Decreases	0.0	-0.8	
Accumulated depreciation	-7.1	-6.6	-6.3
Carrying value December 31	0.9	0.4	1.4

No impairment losses have been recognised in the years 2012, 2011 and 2010. The government grant received is not material. The received government grants have been deducted from the carrying value.

14 INTANGIBLE ASSETS

2012 **EUR million**	**Goodwill**	**Allocations from business combinations**	**Other intangible assets**	**Total other intangible assets**
Historical cost at January 1, 2012	336.6	57.1	17.6	74.7
Increases			0.9	0.9
Acquisitions		19.0		19.0
Decreases			-1.7	-1.7
Translation differences		5.6	-3.1	2.5
Historical cost at December 31, 2012	336.6	81.7	13.7	95.4
Accumulated depreciations January 1, 2012		-26.9	-15.0	-41.9
Amortisation	-0.9	-13.5	-0.7	-14.2
Translation differences		-5.4	2.5	-2.9
Accumulated amortisation of decreases		0.5	2.1	2.6
Accumulated amortisation at December 31, 2012	-0.9	-45.3	-11.1	-56.4
Carrying value January 1, 2012	336.6	30.2	2.5	32.8
Carrying value December 31, 2012	335.7	36.4	2.5	39.0

2011

EUR million	**Goodwill**	**Allocations from business combinations**	**Other intangible assets**	**Total other intangible assets**
Historical cost at January 1, 2011	340.0	49.3	17.1	66.4
Increases			1.0	1.0
Acquisitions		11.4	0.0	11.4
Decreases	-3.4	-3.6	-0.5	-4.1
Translation differences		0.0	0.0	0.0
Historical cost at December 31, 2011	336.6	57.1	17.6	74.7
Accumulated depreciations January 1, 2011		-21.0	-13.4	-34.4
Amortisation		-9.4	-1.6	-11.0
Translation differences		-0.1	0.0	-0.1
Accumulated amortisation of decreases		3.6	0.0	3.6
Accumulated amortisation at December 31, 2011		-26.9	-15.0	-41.9
Carrying value January 1, 2011	340.0	28.3	3.7	32.0
Carrying value December 31, 2011	336.6	30.2	2.5	32.8

2010

EUR million	**Goodwill**	**Allocations from business combinations**	**Other intangible assets**	**Total other intangible assets**
Historical cost at January 1, 2010	280.1	32.7	17.4	50.0
Increases	59.9		0.3	0.3
Acquisitions		18.8	0.2	19.0
Decreases		-2.2	-0.7	-2.9
Translation differences		0.0	0.0	0.0
Historical cost at December 31, 2010	340.0	49.3	17.1	66.4
Accumulated amortisation January 1, 2010		-15.6	-12.4	-28.1
Depreciations		-7.4	-1.7	-9.1
Translation differences		0.4	0.1	0.5
Accumulated amorisation of decreases		1.6	0.6	2.3
Accumulated amortisation at December 31, 2010		-21.0	-13.4	-34.4
Carrying value January 1, 2010	280.1	17.1	4.9	22.0
Carrying value December 31, 2010	340.0	28.3	3.7	32.0

Allocations from business combinations:

EUR million	**2012**	**2011**	**2010**
Customer relations and contract bases	31.1	27.5	23.0
Unpatented technology	0.2	0.7	1.6
Order backlog	4.5	0.5	1.3
Prohibition of competition clause	0.6	1.5	2.4
Total	36.4	30.2	28.3

Goodwill is allocated to the business segments and to the cash generating units (CGU) as follows:

EUR million	**2012**	**2011**	**2010**
Building Services Northern Europe			
Finland	68.9	68.9	68.9
Sweden	41.8	41.8	41.8
Norway	69.7	69.7	69.7
Denmark	7.6	7.6	7.6
Industrial services	41.8	41.8	41.8
Total Building Services Northern Europe	229.7	229.7	229.7
Building Services Central Europe			
Germany 1)	86.0	86.0	88.0
Austria	16.5	16.5	16.5
Poland	2.4	3.3	3.3
Czech	1.1	1.1	1.1
Hungary 2)			1.4
Building Services Central Europe	106.0	106.9	110.3
Total goodwill	335.7	336.6	340.0

1) The effect of the final acquisition calculation of caverion GmbH and its subsidiaries is taken into account in goodwill in 2011.
2) The Hungarian business was sold in 2011.

The recoverable amount of all cash generating units (CGU) is based on the value in use calculations. The value in use cash flows are based on the set out budget for next year and set out strategy of next two years. A growth rate for the terminal value of 2 per cent has been used in the impairment testing in 2012 (0% 2011 and 2010). YIT's management considers that the 2 per cent better reflects the rate of expected long-term inflation. The estimated business volumes are based on the current Group structure. The estimates include f.ex. the business potential in building service and maintenance sector in all Group countries. 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-Groups latest confirmed pre-tax WACC (Weighted Average Cost of Capital). A WACC of 10.2 - 10.9 per cent was used in testing of Building Services Northern Europe. 15.9 per cent in Poland and 9.9 – 11.1 per cent in the rest of Building Services Central Europe in 2012. A WACC of 10.8 percent was used in testing of Building Services Northern Europe in 2011 and 10.8 - 13.8 per cent in testing of Building Services Central Europe. A WACC of 11.0 per cent was used in 2010.

As a result of impairment testing a write-down of EUR 0.9 million was made to the goodwill of Poland in 2012. In financial years 2011-2010 write-downs on goodwill has not been made.

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

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

The recoverable amount exceeded the carrying amount substantially in all cash generating units that have goodwill in 2011 and in 2010 and except for Poland in 2012.

The sensitivity analysis for the recoverable cash flows has been made assessing the impact of changes in f.ex discount rate, profitability and terminal value. Even remarkable negative change in these factors would not lead to impairment losses of tested assets.

15 INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	2012	2011	2010
Historical costs on January 1	0.1	0.1	0.1
Share of the profit	0.0	0.0	0.0
Historical costs on December 31	0.1	0.1	0.1

The carrying amounts of the shares in associated companies do not include goodwill in 2012, 2011 and 2010.

Group's associated companies and their assets, liabilities, revenue and profit/loss

EUR million	Company	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership
2012	Arandur Oy	Vantaa	4.0	3.7	5.4	0.0	33.00%
2011	Arandur Oy	Vantaa	4.0	3.7	5.2	0.0	33.00%
2010	Arandur Oy	Vantaa	3.0	2.8	5.2	0.0	33.00%

16 AVAILABLE FOR SALE INVESTMENTS

EUR million	2012	2011	2010
Carrying value January 1	2.9	2.4	1.1
Increases	0.0		1.4
Decreases	0.0		-0.1
Changes in fair values	-0.4	0.5	0.0
Carrying value December 31	2.5	2.9	2.4
Available for sale investments consist of as follows:			
Quoted shares	1.4	1.9	1.3
Unquoted shares	1.1	1.0	1.1
Total	2.5	2.9	2.4

17 NON-CURRENT RECEIVABLES

EUR million	2012 Carrying value	2012 Fair value	2011 Carrying value	2011 Fair value	2010 Carrying value	2010 Fair value
Other receivables 1)	15.6	15.6	18.2	18.2	15.3	15.3

1) Other receivables include defined benefit plan pension assets EUR 12.3 million (EUR 15.1 million in 2011 and EUR 14.7 million in 2010).

Reconciliation to non-current receivables by category (note 27)

EUR million	2012	2011	2010
Other receivables	15.6	18.2	15.3
Defined benefit pension asset	-12.3	-15.1	-14.7
Difference	3.3	3.1	0.6

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

18 DEFERRED TAX RECEIVABLES AND LIABILITIES

EUR million	**2012**	**2011**	**2010**
Deferred tax receivable	5.5	8.7	6.6
Deferred tax liability	-78.0	-70.0	-59.8
Deferred tax liability. net	-72.5	-61.3	-53.2
Changes in deferred tax receivables and liabilities:			
Deferred tax liability. net 1 January	-61.3	-53.2	-42.2
Translation difference	-1.6	-3.1	0.3
Changes recognised in income statement	-7.7	-5.7	-8.8
Changes recognised in comprehensive income	0.1	-0.1	
Business acquisitions	-2.0	0.8	-2.5
Deferred tax liability. net 31 December	-72.5	-61.3	-53.2

Changes in deferred tax receivables and liabilities before the offset

2012

EUR million	**January 1**	**Translation difference**	**Recognised in the income statement**	**Recognised in compre-hensive income**	**Acquisitions / Disposals**	**December 31**
Deferred tax receivables:						
Provisions	5.0	0.1	0.1			5.2
Tax losses carried forward	8.5	0.1	-1.9			6.7
Pension obligations	0.8	0.0	1.8			2.6
Percentage of completion method	0.0		0.3			0.3
Other items	3.0		0.3			3.3
Total deferred tax receivables	17.3	0.2	0.6			18.1
Deferred tax liabilities:						
Allocation of intangible assets [1)]	39.8	0.9	4.2		2.0	46.9
Accumulated depreciation differences	8.8	0.3	-1.6			7.5
Pension obligations	2.6	0.2	1.4			4.2
Percentage of completion method	24.0	0.3	5.6			29.9
Inventories	1.8		-0.3			1.5
Available-for-sale investments	0.1			-0.1		0.0
Other items	1.5	0.2	-1.0			0.7
Total deferred tax liabilities	78.6	1.9	8.3	-0.1	2.0	90.7

2011

EUR million	January 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income	Acquisitions/ Disposals	December 31
Deferred tax receivables:						
Provisions	6.0	0.0	-1.0			5.0
Tax losses carried forward	4.7		2.3		1.5	8.5
Pension obligations	0.8	0.0	0.0			0.8
Percentage of completion method	6.0	0.0	-6.0			0.0
Other items	4.8	-1.6	-0.2			3.0
Total deferred tax receivables	22.3	-1.6	-4.9		1.5	17.3
Deferred tax liabilities:						
Allocation of intangible assets [1)]	38.1		1.7			39.8
Accumulated depreciation differences	11.7		-2.9			8.8
Pension obligations	2.4		0.2			2.6
Percentage of completion method	15.6	-0.2	7.9		0.7	24.0
Inventories	1.3		0.5			1.8
Available-for-sale investments				0.1		0.1
Other items	6.5	1.6	-6.6			1.5
Total deferred tax liabilities	75.6	1.4	0.8	0.1	0.7	78.6

2010

EUR million	January 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income	Acquisitions/ Disposals	December 31
Deferred tax receivables:						
Provisions	8.3		-2.4		0.1	6.0
Tax losses carried forward	2.9		1.8			4.7
Pension obligations	0.2		0.6			0.8
Percentage of completion method	1.2		4.8			6.0
Other items	6.1	0.7	-3.4		1.4	4.8
Total deferred tax receivables	18.7	0.7	1.4		1.5	22.3
Deferred tax liabilities:						
Allocation of intangible assets [1)]	30.4	0.9	4.0		2.8	38.1
Accumulated depreciation differences	9.3	1.0	0.2		1.2	11.7
Pension obligations	3.5	0.1	-1.2			2.4
Percentage of completion method	12.7	0.5	2.4			15.6
Inventories	1.2	0.0	0.1			1.3
Other items	3.8	-2.0	4.7			6.5
Total deferred tax liabilities	60.9	0.5	10.2		4.0	75.6

1) Capitalisation of intangible assets include besides capitalization of intangible assets, the deductible amount of the deferred taxes of goodwill from the separate entities

The deferred tax receivables on the taxable losses will be booked to the extent the benefit is expected to be able to deduct from the taxable profit in the future. No deferred tax asset of EUR 2.1 million (EUR 0 million in 2011 and 2010) has been recognised on accumulated losses, of which some part is not approved by tax authorities. Deferred tax liability on undistributed earnings of subsidiaries, where the tax will be paid on the distribution of earnings, has not been recognised in the carve-out balance sheet, because distribution of the earnings is in the control of the Group and it is not probable in the forseeable future.

19 INVENTORIES

EUR million	2012	2011	2010
Raw materials and consumables	23.1	20.0	19.9
Work in progress	15.8	17.2	16.8
Advance payments	0.1	0.4	0.9
Total inventories	39.0	37.5	37.7

In 2012, 2011 and 2010 there were no write-downs of inventories.

20 TRADE AND OTHER RECEIVABLES

EUR million	2012 Carrying value	2011 Carrying value	2010 Carrying value
Trade receivables	444.8	445.9	388.7
Accrued income from long-term contracts [1)]	279.4	287.4	212.3
Accrued income	39.3	51.9	67.1
Other receivables	11.1	9.1	15.0
Total	774.7	794.2	683.2

The Group's Trade receivables had an average of EUR 397.8 million in 2012, EUR 366.9 million in 2011 and EUR 255.5 million in 2010. The Group has not received collaterals.

Reconciliation to trade receivables and other receivables by category (note 27)

EUR million	2012	2011	2010
Trade receivables	444.8	445.9	388.7
Accrued income from long-term contracts [1)]	279.4	287.4	212.3
Other receivables	11.1	9.1	15.0
Total	735.4	742.3	616.0

1) Additional information is presented in note 5, Long-term contracts

21 CASH AND CASH EQUIVALENTS

EUR million	2012 Carrying value	2012 Fair value	2011 Carrying value	2011 Fair value	2010 Carrying value	2010 Fair value
Financial securities					0.3	0.3
Cash and cash equivalents	100.8	100.8	155.4	155.4	105.9	105.9
Total	100.8	100.8	155.4	155.4	106.2	106.2

Cash and cash equivalents presented in Group cash flow statement:

EUR million	**2012**	**2011**	**2010**
Financial securities			0.3
Cash and cash equivalents	100.8	155.4	105.9
Accounts with overdraft facility		-0.9	
Total	100.8	154.5	106.2

22 EMPLOYEE BENEFIT OBLIGATIONS

EUR million	**2012**	**2011**	**2010**
Balance sheet obligations for:			
a) Pension benefits	18.6	18.2	17.7
b) Other post-employment benefits	8.1	8.0	8.9
Total	26.7	26.2	26.6
Balance sheet assets for:			
a) Pension benefits	-12.3	-15.1	-14.7
Income statement charge for:			
a) Pension benefits	9.0	8.8	4.9
b) Other post-employment benefits	0.1	0.1	0.1
Total	9.1	8.9	5.0

(a) Pension benefits

The Group has defined benefit pension plans in Norway, Germany and Austria. In all plans the pension liability has been calculated based on the number the years employed and the salary level. All the pension plans are managed in insurance companies, which follow the local pension legislation in their management.

The amounts are determined as follows:

EUR million	**2012**	**2011**	**2010**
Present value of funded obligations	93.9	107.8	97.1
Fair value of plan assets	-74.4	-69.1	-69.3
Deficit/surplus	19.5	38.7	27.8
Present value of unfunded obligations	24.0	18.6	19.4
Unrecognised actuarial losses	-37.2	-54.2	-44.3
Net pension liability	6.3	3.1	3.0
Disclosed in the balance sheet as follows:			
Pension obligations	18.6	18.2	17.7
Defined benefit pension assets (note 17)	-12.3	-15.1	-14.7

The movement in the defined benefit obligation over the year is as follows:

EUR million	2012	2011	2010
At January 1	126.4	116.6	80.1
Exchange differences	6.0	0.6	5.3
Current service cost	5.5	4.9	4.1
Interest cost	3.6	4.6	3.5
Contributions by plan participants	0.0	-0.6	-1.2
Actuarial profits/losses	-20.0	2.8	16.6
Benefits paid	-3.6	-2.5	-2.2
Liabilities acquired in a business combination	0.0	0.0	11.2
Settlements	0.0	0.0	-1.0
At December 31	117.9	126.4	116.6

The movement of plan assets of the year is as follows:

EUR million	2012	2011	2010
At January 1	69.1	69.3	62.0
Exchange differences	3.8	0.4	4.0
Expected return of plan assets	3.0	3.7	3.4
Actuarial profits/losses	-3.1	-6.7	-5.2
Employer contribution	4.0	4.5	7.0
Benefits paid	-2.5	-2.0	-1.9
Assets from business combinations	0.0	0.0	0.2
At December 31	74.4	69.1	69.3
Expected return on the plan assets	3.0	3.7	3.1

The amounts recognised in the income statement are as follows:

EUR million	2012	2011	2010
Current service cost	5.4	4.9	4.1
Interest cost	3.6	4.6	3.6
Expected return on plan assets	-3.0	-3.7	-3.3
Actuarial gains (-) and losses (+)	3.1	2.9	1.6
Settlements	0.0	0.0	-1.0
Total, included in personnel expenses	9.0	8.8	4.9

Actuarial assumptions are as follows:	2012	2011	2010
Discount rate	3.5-3.8%	2.6-4.6%	4.0-4.6%
Rate of salary increase	1.3-3.5%	4.0%	4.0%
Rate of pension increases	0.2-2.3%	0.1-2.3%	1.0%
Rate of expected return on plan assets	3.8%	4.1%	5.7%

The future mortality rate and average life expectancy in years are based on statistics in Norway, Germany and Austria.

(b) Other post-employment benefits

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

The amounts recognised in the balance sheet are determined as follows:

EUR million	2012	2011	2010
Present value of unfunded obligations	8.1	7.9	8.8
Liability in the balance sheet	8.1	7.9	8.8

The movement in the defined benefit obligation over the year is as follows:

EUR million	2012	2011	2010
At January 1	7.9	8.8	9.6
Contributions by plan participants	0.6	0.6	0.7
Actuarial gains/losses	-0.1	-0.8	-0.6
Benefits paid	-0.3	-0.7	-0.9
At December 31	8.1	7.9	8.8
Recognised loss	0.1	0.1	0.1
Total	0.1	0.1	0.1

23 PROVISIONS

EUR million	Guarantee reserve	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
January 1, 2012	15.4	3.6	5.1	3.4	8.2	35.7
Translation differences	0.2	0.0	-0.1	0.0	0.3	0.4
Provision additions	7.6	2.6	1.1	0.5	4.5	16.3
Released during the period	-8.1	-3.0	-4.0	-0.6	-5.0	-20.7
Reversals of unused provisions	-1.0			-0.3	-0.6	-1.9
Acquisitions	0.1	0.2			0.1	0.4
December 31, 2012	14.2	3.4	2.1	3.0	7.5	30.2
Non-current	3.7		1.0		2.1	6.9
Current	10.4	3.4	1.1	3.0	5.4	23.3
Total	14.2	3.4	2.1	3.0	7.5	30.2

EUR million	Guarantee reserve	Provisions for loss making projects	Restructurin g provisions	Legal provisions	Other provisions	Total
January 1, 2011	17.9	5.3	3.7	3.0	10.9	40.8
Translation differences	-1.2				-0.3	-1.5
Provision additions	5.9	3.1	5.2	1.2	3.0	18.4
Released during the period	-6.3	-2.9	-3.8	-0.7	-5.1	-18.8
Reversals of unused provisions	-0.5	-1.9		-0.1	-0.3	-2.8
Acquisitions	-0.4					-0.4
December 31, 2011	15.4	3.6	5.1	3.4	8.2	35.7
Non-current	4.2		1.4		4.2	9.9
Current	11.2	3.6	3.6	3.4	4.0	25.8
Total	15.4	3.6	5.1	3.4	8.2	35.7

EUR million	Guarantee reserve	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
January 1, 2010	22.7	3.1	1.5	1.6	7.6	36.5
Translation differences	0.3	0.1	0.1		-0.3	0.2
Provision additions	6.7	5.2	3.2	2.6	8.4	26.1
Released during the period	-11.4	-2.4	-1.1	-0.3	-4.1	-19.3
Reversals of unused provisions	-0.4	-0.7		-0.9	-0.7	-2.7
December 31, 2010	17.9	5.3	3.7	3.0	10.9	40.8
Non-current	5.8		0.4		6.8	13.0
Current	12.1	5.3	3.3	3.0	4.1	27.8
Total	17.9	5.3	3.7	3.0	10.9	40.8

Provisions for contractual guarantees are determined on the basis of experience of the realisation of commitments.

24 BORROWINGS

EUR million	2012 Carrying value	2012 Fair value	2011 Carrying value	2011 Fair value	2010 Carrying value	2010 Fair value
Non-current liabilities						
Loans from credit institutions	63.5	56.3	70.5	64.6	42.6	37.2
Pension loans	10.0	9.2	18.0	17.7	42.8	40.8
Other loans	1.6	1.6	1.6	1.6	1.6	1.6
Finance lease liabilities	0.5	0.5	0.2	0.5	1.0	1.0
Non-current liabilities. total	75.6	67.6	90.3	84.4	88.0	80.6

EUR million	2012 Carrying value	2012 Fair value	2011 Carrying value	2011 Fair value	2010 Carrying value	2010 Fair value
Current liabilities						
Loans from credit institutions	7.0	7.0	7.1	7.1	9.1	9.1
Overdraft facility used			0.9	0.9		
Pension loans	8.0	8.0	8.0	8.0	10.4	10.4
Other loans	0.0	0.0	0.4	0.4	0.0	
Finance lease liabilities	0.4	0.4	0.2	0.2	0.6	0.6
Current liabilities. total	15.4	15.4	16.5	16.5	20.1	20.1

In the table are included all other liabilities than presented in note 25 Accounts payable and other liabilities.

The fair values of non-current loans are based on discounted cash flows. Discount rate is defined to be the rate Group was to pay for an equivalent external loan at the year-end. It consists of risk-free market rate and company and maturity related risk premium of 0.80-4.00 % in 2012 (0.80-4.00 % in 2011 and 2010) p.a.

Finance lease liabilities

EUR million	2012	2011	2010
Finance lease liabilities fall due in as follows:			
Minimum lease payments			
No later than 1 year	0.4	0.2	0.6
1-5 years	0.5	0.2	1.0
Total minimum lease payments	0.9	0.4	1.6
Present value of minimum lease payments			
No later than 1 year	0.4	0.2	0.6
1-5 years	0.5	0.2	1.0
Total present value of minimum lease payments	0.9	0.4	1.6
Future finance charges	0.0	0.0	0.0
Finance expenses charged to income statement	0.0	0.1	0.1

Main finance lease agreements are the agreements of cars, machinery and equipment both in production and offices.

25 TRADE AND OTHER PAYABLES

EUR million	2012 Carrying value	2011 Carrying value	2010 Carrying value
Non-current liabilities			
Liabilities of derivative instruments	0.1	0.2	0.3
Other liabilities	4.5	5.9	5.5
Total non-current payables	4.6	6.1	5.8
Current liabilities			
Trade payables	223.4	241.4	234.7
Accrued expenses	150.8	173.8	167.9
Accrued expenses in work in progress	77.8	96.0	114.6
Advances received [1)]	143.7	117.7	114.0
Other payables	102.0	86.6	78.7
Total current payables	697.8	715.6	709.9

1) Advances received consist of advances received (note 5) and of invoiced advances received

Accrued expenses

EUR million	2012	2011	2010
Accrued employee-related liabilities	116.7	133.1	124.9
Interest expenses	0.5	0.9	0.7
Other accrued expenses	33.6	39.8	42.3

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

Reconciliation of accounts payable and other liabilities by category (note 27)

EUR million	2012	2011	2010
Non-current trade payables and other liabilities	4.6	6.1	5.8
Derivatives	-0.1	-0.2	-0.3
Total	4.5	5.9	5.5

EUR million	2012	2011	2011
Current trade payables and other liabilities	697.8	715.6	709.9
Accrued expenses	-150.8	-173.8	-167.9
Accrued expenses in work in progress	-77.8	-96.0	-114.6
Total	469.2	445.7	427.4

26 NOMINAL VALUES AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

Nominal values

EUR million	2012	2011	2010
Foreign exchange forward contracts, hedge accounting not applied	32.1	76.7	64.5
Interest rate forward contracts			
Hedge accounting applied			
Interest rate swaps	45.5	17.5	24.5

Fair values

EUR million	2012 Positive fair value (carrying value)	2012 Negative fair value (carrying value)	2012 Net value	2011 Positive fair value (carrying value)	2011 Negative fair value (carrying value)	2011 Net value
Foreign exchange forward contracts Hedge accounting not applied	0.2	-0.7	-0.5	0.5	-0.3	0.2
Interest rate derivatives Hedge accounting applied		-0.2	-0.2		-0.2	-0.2

EUR million	2010 Positive fair value (carrying value)	2010 Negative fair value (carrying value)	2010 Net value
Foreign exchange forward contracts Hedge accounting not applied	0.8	-0.1	0.7
Interest rate derivatives Hedge accounting applied		-0.3	-0.3

All derivatives are hedges according to YIT Group’s financial risk management policy, but hedge accounting. as defined in IAS 39, is applied only on certain derivative contracts. Foreign exchange forward contracts are mainly designated as hedges of financial items and have been charged to P/L in finance income/expenses. Foreign exchange forward contracts maturity dates are within 2013. The duration of Group's interest bearing loans has been increased by interest rate derivatives. The changes in the fair value of derivatives with hedge accounting applied for are recognised in fair value reserve in equity and the changes in fair value for derivatives with hedge accounting not applied for, are recognised in profit and loss account. All the interest rate derivatives to which hedge accounting is applied for are long-term agreements corresponding to the maturity of hedged liability.

A variety of interest rate derivatives are designated as hedges of sold receivables linked in floating Euribor interest rate. Interest rate options are designated as hedges of rental agreements linked to floating interest rates. Changes in the fair value of these interest rate derivatives have been charged to P/L.

27 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2012

EUR million	Available for sale investments	Loans and other receivables	Held for trading	Derivatives in 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[1)]	2.5					2.5	2.5	16
Receivables								
Trade receivables and other receivables		3.3				3.3	3.3	17
Current financial assets								
Receivables								
Trade receivables and other receivables		735.4				735.4	735.4	20
Cash and cash equivalents		100.8				100.8	100.8	21
Total by valuation group	2.5	839.5				842.0	842.0	
Non-current financial liabilities								
Borrowings					75.6	75.6	67.6	24
Other liabilities								
Trade payables and other liabilities					4.5	4.5	4.5	25
Current financial liabilities								
Borrowings					15.4	15.4	15.4	24
Trade payables and other liabilities								
Trade payables and other liabilities					469.2	469.2	469.2	25
Derivatives (hedge accounting applied)				0.2		0.2	0.2	25 26
Derivatives (hedge accounting not applied)			0.5			0.5	0.5	25 26
Total by valuation group			0.5	0.2	564.7	565.4	557.4	

1) Quoted shares valued at fair value EUR 1.4 million and unquoted shares valued at cost less impairments EUR 1.1 million.

2011 EUR million	Available for sale investments	Loans and other receivables	Held for trading	Derivatives in 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[1)]	2.9					2.9	2.9	16
Receivables								
Trade receivables and other receivables		3.1				3.1	3.1	17
Current financial assets								
Receivables								
Trade receivables and other receivables		742.3				742.3	742.3	20
Derivatives (hedge accounting not applied)			0.2			0.2	0.2	26
Cash and cash equivalents		155.4				155.4	155.4	21
Total by valuation group	2.9	900.8	0.2			903.9	903.9	
Non-current financial liabilities								
Borrowings					90.3	90.3	84.4	24
Other liabilities								
Trade payables and other liabilities					5.9	5.9	5.9	25
Current financial liabilities								
Borrowings					16.5	16.5	16.5	25
Trade payables and other liabilities								24
Trade payables and other liabilities					445.7	445.7	445.7	25
Derivatives (hedge accounting applied)				0.2		0.2	0.2	26
Total by valuation group				0.2	558.5	558.7	552.7	

1) Quoted shares valued at fair value EUR 1.9 million and unquoted shares valued at cost less impairments EUR 1.0 million.

2010 EUR million	Available for sale investments	Loans and other receivables	Held for trading	Derivatives in 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[1)]	2.4					2.4	2.4	16
Receivables								
Trade receivables and other receivables		0.6				0.6	0.6	17
Current financial assets								
Receivables								
Trade receivables and other receivables		616.0				616.0	616.0	20
Derivatives (hedge accounting not applied)			0.7			0.7	0.7	26
Cash and cash equivalents		106.2				106.2	106.2	21
Total by valuation group	2.4	722.8	0.7			725.9	725.9	
Non-current financial liabilities								
Borrowings					88.0	88.0	80.6	24
Other liabilities								
Trade payables and other liabilities					5.5	5.5	5.5	25
Current financial liabilities								
Borrowings					20.1	20.1	20.1	24
Trade payables and other liabilities								
Trade payables and other liabilities					427.4	427.4	427.4	25
Derivatives (hedge accounting applied)				0.3		0.3	0.3	25 26
Total by valuation group				0.3	541.1	541.4	533.9	

28 FINANCIAL RISK MANAGEMENT

Caverion has been a part of the YIT Group, and therefore applied risk management policies centralised to YIT Group. Principles below are made by the YIT Group, and they also apply to Caverion business. Caverion Group is exposed in its business operations to liquidity risk, credit risk and also foreign exchange risk and interest rate risk. The objective of Caverion's financial risk management is to minimise the uncertainty which the changes in financial markets cause to its financial performance.

Risk management is carried out by the Treasury of YIT Group in co-operation with operating units under policies approved by the Board of Directors of YIT Group. In the operating units and subsidiaries the financing is carried out by financial personnel and management. Responsibilities in between the Group Treasury and operating units are defined in the Group's treasury policy. Caverion is responsible for providing the Group Treasury with timely and accurate information on financial position, cash-flows and foreign exchange position in order to ensure the Group's efficient cash and liquidity management, funding and risk management. In addition to the above, the Group's treasury policy defines main principles and methods for financial risk management, cash management and specific financing-related areas e.g. commercial guarantees, relationships with financiers and customer financing.

Interest rate risk

Caverion's financial liabilities EUR 91.0 million (EUR 106.8 million in 2011 and EUR 108.1 million in 2010) consisted mainly of pension loans and liabilities of the YIT Group allocated to Caverion.

Caverion has interest bearing receivables in its cash and cash equivalents but otherwise its revenues and cash flows from operating activities are mostly independent of changes in market interest rates.

Caverion's exposure to cash flow interest rate risk arises mainly from current and non-current loans, receivables sold to banks and financial institutions and related interest rate derivatives. A loan issued at floating interest rates expose Caverion to cash flow interest rate risk, which is hedged by interest rate swaps. To manage the interest rate risk, the Board of Directors of the YIT Group has defined a duration target of two years to non-current loans and to related interest rate derivative hedges. The duration may deviate +/- 1.5 years at the decision of Vice President, Group Treasurer of the YIT Group. In order to meet the duration target, part of the loans at floating rates are converted to fixed rate using interest rate swaps.

Interest rate swaps are used to hedge the re-pricing risk of EUR 45.5 million (EUR 17.5 million in 2011 and EUR 24.5 million in 2010) loan based on 6 month Euribor. Hedged cash flows will realise within three subsequent years and hedge accounting is applied to cash flow interest rate risk (notes 26 and 27). Hedges have been effective at the reporting date and changes in fair value of derivative are recognised in the hedging reserve in OCI according to accounting policies.

Weighted average effective interest rate of the fixed rate loans was 1.938% in 2012 (3.259% in 2011 and 2.452% in 2010). The weighted average effective interest rate of the whole loan portfolio was 2.559% in 2012 (3.246% in 2011 and 3.166% in 2010). These numbers include the effect of interest rate derivatives. Interest rate derivatives increase the average effective interest rate of the loan portfolio by 0.03 percentage points in 2012 (0.10 percentage points increase in 2011 and 0.27 percentage points increase in 2010).

In addition to meet the duration target the YIT Group management monitors the effect of the possible change in interest rate level on the YIT Group's financial result on quarterly basis. The target of the monitoring is the effect of one percentage point change in interest rate level on yearly net interest expenses. The effect on Caverion's yearly net interest expenses would have been EUR 0.8 million in 2012 (EUR 1.1 million in 2011 and EUR 1.1 million in 2010) net of tax.

In addition to interest bearing net debt, the foreign exchange forward contracts associated with the intra-group loans expose the Group's result to interest rate risk. Caverion's external loans are mainly dominated in euro, but the subsidiaries are financed in their functional currency. Caverion is exposed to the interest rate risk of the different functional currencies in the Group when it hedges the foreign exchange risk arising from the foreign currency denominated loans granted to subsidiaries using foreign exchange forward contracts. The most significant currency of the intra-group loans of Caverion Group is Swedish Crown. By hedging the receivables denominated in foreign currencies, the parent company has to pay the interest rate difference between foreign currencies and euro.

A change of one percentage point in interest rates at the balance sheet date would have affected the consolidated balance sheet by EUR 0.6 million in 2012 (EUR 0.4 million in 2011 and EUR 0.7 million in 2010) 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.

Credit and counterparty risk

Caverion's credit risk is related to clients with open balances or with long term agreements and to the counterparties to investment products and derivative agreements. The Group Treasury of YIT has been responsible for the counterparty risk of the derivative instruments and investment products. Operating units are responsible for the credit risk related to operating items, such as trade receivables. Customers and the nature of the agreements differ in between Caverion's segments hence customer specific credit risk management is performed in finance departments of each segments in cooperation with the operating units.

The counterparties of financial instruments are chosen based on the YIT Group management's estimate on their reliability. Board of Directors of the YIT Group accepts the main banks used by the YIT Group and counterparties to short-term investments and derivative instruments and their limits. Short-term investments related to liquidity management are made according to the YIT's treasury policy. No impairment has been recognised on the derivative instruments or the investment products in the period. The YIT Group's management does not expect any credit losses from counterparties to investment products or derivative instruments.

The Group manages credit risk related to operating items, for instance, with the following risk mitigation tools; advance payments, accelerated payment programs of projects, payment guarantees, credit risk insurances and careful assessment of client's background information. Majority of the Caverion Group's operating activities are based on established, reliable customer relationships and contractual terms generally applied in the business. The payment terms of the invoices are mainly from 14 to 30 days. The background of new customers is examined profoundly by for example acquiring credit information. If considered necessary, guarantees are required and client's paying behaviour is monitored actively. The Caverion Group does not have any significant concentrations of credit risk as the clientele is widespread and geographically spread into the countries in which the Group operates.

The credit losses and provision for impairment of receivables were EUR 1.2 million in 2012 and EUR 0.2 million in 2010. There were no significant credit losses or provision for impairment of receivables in 2011. The Group's maximum exposure to credit risk at the balance sheet date (December 31, 2012) is the carrying amount of the financial assets.

Analysis of trade receivables December 31, 2012

EUR million	Balance sheet amount	Impaired	Gross
Not past due [1)]	312.5	-4.1	316.6
1 to 90 days	94.9	-2.4	97.3
91 to 180 days	16.6	-1.1	17.7
181 to 360 days	9.2	-6.5	15.7
Over 360 days	11.6	-27.2	38.8
Total	444.8	-41.3	486.1

Analysis of trade receivables December 31, 2011

EUR million	Balance sheet amount	Impaired	Gross
Not past due [1)]	352.9	-4.4	357.3
1 to 90 days	64.5	-3.4	67.9
91 to 180 days	4.6	-2.0	6.6
181 to 360 days	5.4	-4.3	9.7
Over 360 days	18.5	-33.7	52.2
Total	445.9	-47.8	493.7

Analysis of trade receivables December 31, 2010

EUR million	Balance sheet amount	Impaired	Gross
Not past due [1]	290.4	-3.5	293.9
1 to 90 days	70.5	-5.5	76.0
91 to 180 days	9.4	-12.9	22.3
181 to 360 days	8.6	-6.2	14.8
Over 360 days	9.8	-35.3	45.1
Total	388.7	-63.4	452.1

[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 note 20.

Liquidity risk

The YIT's management evaluates and monitors continuously the amount of funding required in the business activities of YIT Group to ensure it has adequate liquid fund to finance its operations, repay its loans at maturity and pay annual dividends. The funding requirements are evaluated based on financial budget prepared in every six months, monthly financial forecast and short-term, timely cash planning. The YIT's Group Treasury is responsible of the adequacy of funding, availability of different sources of funding and controlled maturity profile of external loans. According to financing policies, only 1/4 of the non-current loans can mature over one calendar year.

The Caverion Group has indirectly utilized the tools for liquidity risk management of YIT Group such as cash and cash equivalents. Group accounts with overdraft facilities, credit facilities, commercial papers and bond programs.

Cash management and funding is centralized in the YIT's Group Treasury. With a centralized cash management, the use of liquid funds can be optimized between different units of the Group.

The following table describes the contractual maturities of financial liabilities. The amounts are undiscounted. Interest cash flows of floating rate loans and derivative instruments are based on the interest rates prevailing on December 31, 2012 (December 31, 2011 and December 31, 2010). Cash flows of foreign currency denominated loans are translated into euro at the balance sheet date. Cash flows of foreign currency forward contracts are translated into euro at forward rates.

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2012

EUR million	2013	2014	2015	2016	2017	2018-	Total	Note
Loans from financial institutions	8.3	9.3	12.0	11.8	11.5	23.3	76.2	24, 27
Pension loans	8.5	2.3	2.2	2.2	2.1	2.1	19.4	24, 27
Finance lease liabilities	0.4	0.4	0.1	0.0			0.9	24, 27
Other financial liabilities		0.4	0.7	0.5			1.6	24, 27
Accounts payable and other liabilities	469.2						469.2	25, 27
Interest rate derivatives								
Hedge accounting applied	0.2	0.1	0.0				0.3	25, 26, 27
Foreign currency derivatives	0.5						0.5	25, 26, 27

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2011

EUR million	2012	2013	2014	2015	2016	2017-	Total	Note
Loans from financial institutions	9.1	8.3	9.2	11.9	11.9	34.8	85.2	24, 27
Pension loans	8.8	8.5	2.3	2.3	2.2	4.2	28.3	24, 27
Finance lease liabilities	0.2	0.2	0.1				0.4	24, 27
Other financial liabilities			0.7	0.7	0.5		1.9	24, 27
Accounts payable and other liabilities	445.7						445.7	25, 27
Interest rate derivatives								
Hedge accounting applied	0.1	0.2	0.0				0.3	25, 26, 27
Foreign currency derivatives	0.0						0.0	25, 26, 27

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2010

EUR million	2011	2012	2013	2014	2015	2016-	Total	Note
Loans from financial institutions	7.8	8.1	7.6	8.6	4.9	16.6	53.6	24, 27
Pension loans	12.4	11.9	11.5	5.1	5.0	14.0	59.9	24, 27
Finance lease liabilities	0.6	0.5	0.4	0.1			1.6	24, 27
Other financial liabilities				0.4	0.7		1.1	24, 27
Accounts payable and other liabilities	427.4						427.4	25, 27
Interest rate derivatives								
Hedge accounting applied	0.3	0.1	0.2				0.6	25, 26, 27
Foreign currency derivatives	0.0						0.0	25, 26, 27

Foreign exchange risk

The Caverion Group operates internationally and is exposed to foreign exchange risks arising from the currencies of the countries in which it operates. Risk arises mainly from the assets and liabilities in the balance sheet and net investments in foreign operations. In addition, commercial contracts of the subsidiaries cause foreign exchange risk. However, the contracts are mainly made in the units' own functional currencies.

The objective of managing foreign exchange risk at Caverion is to reduce uncertainty caused by foreign exchange rate movements on profit through cash flows and measurement of commercial receivables and payables. By the decision of Board of Directors of YIT Group, the investments in foreign operations are not hedged for changes of foreign exchange rates.

Foreign currency denominated net investments at the balance sheet date

	2012	2011	2010
EUR million	Net investment	Net investment	Net investment
SEK	53.6	67.4	69.3
NOK	44.5	52.6	41.6
DKK	4.1	11.7	9.7
LTL	3.2	3.0	2.8
LVL	0.5	0.4	0.2
Other currencies	1.0	1.8	8.9

Here net investment comprises equity invested in foreign subsidiaries and internal loans that qualify for net investment classification. Possible goodwill in the subsidiaries balance sheet is not considered as a net investment.

According to YIT's Group Treasury policy, Caverion is responsible for identifying and hedging the foreign exchange risk related to the foreign currency denominated cash flows. All firm commitments must be hedged, and hedging is performed by intra-group transactions with YIT Group Treasury. The YIT's Group Treasury hedges the net position and executes of all external hedging transactions but does not apply hedge accounting to derivatives hedging foreign exchange risk. Accordingly, the fair value changes of derivative instrument are recognised in consolidated income statement. In 2012 the most significant currency in Caverion Group related to commercial agreements and their hedges was Swedish Crown. If the euro had strengthened by 5% against to the Swedish Crown at the balance sheet date, the fair valuation of the foreign exchange contracts would have caused a post-tax foreign exchange gain of EUR 0.1 million.

In addition to foreign exchange differences due to derivatives held for trading, the strengthening or weakening of the Euro would not have a significant impact on the Caverion Group's result, if the translation difference in consolidation is not considered. The sensitivity analysis comprises 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.

Currency distribution of trade receivables and payables corresponds to the functional currencies of the charging and the charged companies; hence there is no open foreign exchange risk.

Fair value measurement

The fair values in the measurement hierarchy are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is. as prices) or indirectly (that is. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data.

The following table presents the assets and liabilities that are measured at fair value and their levels.

Assets 2012

EUR million	Level 1	Level 2	Level 3	Total
Available for sale investments	1.9		0.6	2.5
Total assets	1.9		0.6	2.5

Liabilities 2012

EUR million	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)		0.5		0.5
Derivatives (hedge accounting applied)		0.2		0.2
Total liabilities		0.7		0.7

Assets 2011

EUR million	Level 1	Level 2	Level 3	Total
Available for sale investments	2.4		0.6	2.9
Derivatives (hedge accounting not applied)		0.2		0.2
Total assets	2.4	0.2	0.6	3.1

Liabilities 2011

EUR million	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)		0.0		0.0
Derivatives (hedge accounting applied)		0.2		0.2
Total liabilities		0.2		0.2

Assets 2010

EUR million	Level 1	Level 2	Level 3	Total
Available for sale investments	1.8		0.6	2.4
Derivatives (hedge accounting not applied)		0.7		0.7
Total assets	1.8	0.7	0.6	3.1

Liabilities 2010

EUR million	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)		0.0		0.0
Derivatives (hedge accounting applied)		0.3		0.3
Total liabilities		0.3		0.3

Changes in level 3 instruments:

EUR million	Assets 2012	Liabilities 2012	Assets 2011	Liabilities 2011	Assets 2010	Liabilities 2010
Opening balance sheet	0.6		0.6		0.6	
Transfers into/from level 3						
Purchases and sales	0.0		0.0		0.0	
Gains and losses recognised in profit and loss			0.0			
Gains and losses recognised in comprehensive profit and loss						
Closing balance	0.6		0.6		0.6	

29 OTHER LEASE AGREEMENTS

Group as lessee

The future minimum lease payments under non-cancellable operating leases:

EUR million	2012	2011	2010
No later than 1 year	61.3	59.3	51.1
1-5 years	121.6	120.3	111.7
Later than 5 years	36.6	36.3	38.6
Total	219.5	215.9	201.4

In 2012 the lease payments of non-cancellable operating leases charged to income statement amounted to EUR 62.0 million (EUR 62.2 million in 2011 and EUR 47.1 million in 2010).

The Group has leased the office facilities in use from YIT, and the period of the lease agreements are based on external contracts made by YIT. Other lease agreements are based on contracts with an external party. The lease agreements of office facilities have a period of validity up to 15 years. Most of the agreements include the possibility of continuing after the initial expiry date. The index, renewal, and other terms of the lease agreements of office facilities are dissimilar to each other. Operating leases include also the liabilities of operating lease agreements of employee cars, which have the average duration of four years.

30 COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	2012	2011	2010
Collateral given for own liabilities			
Corporate mortgages	0.7	1.9	0.6
Pledged assets		0.9	0.1
Guarantees given on behalf of associated companies	0.2	0.2	0.2
Other commitments			
Other contingent liabilities	1.3	1.4	4.1

The Group parent company has guaranteed obligations of its subsidiaries. On December 31, 2012 the total amount of these guarantees was EUR 556.0 million (EUR 554.0 million December 31, 2011 and EUR 598.0 million December 31, 2010).

The Group is engaged in numerous legal proceedings that are connected ordinary operations and whose outcomes are difficult to predict. It is the understanding of the Group that the other legal proceedings do not have a significant effect on the Group’s result.

31 SUBSIDIARIES

Company name	Domicile	Holding %
Shares in subsidiaries, owned by the Caverion parent company		
YIT Building Systems Ltd	Helsinki	100.00
YIT Building Services Central Europe GmbH [1)]	Munich	100.00
YIT Industry Ltd	Vantaa	100.00
Shares in subsidiaries. owned by YIT Building Systems Ltd		
YIT Sverige AB (Group)	Solna	100.00
EH Luftbehandling AB	Solna	100.00
Frisk Ventilation Ab	Solna	100.00
Jansson & Eriksson Ekonomisk Luftbehandling AB	Solna	100.00
MISAB Sprinkler & VVS AB	Solna	100.00
YIT i Sydost AB	Solna	100.00
Dala Elmontage Lindqvist & Bodin AB	Borlänge	100.00
Dala Elmontage Entreprenad AB	Borlänge	100.00
Elektriska Installationer i Finspång AB	Solna	100.00
Kraftmontage i Finspång AB	Solna	100.00
YIT Kiinteistötekniikka Oy	Helsinki	100.00
YIT-Huber East Oy	Helsinki	100.00
YIT-Huber Invest Oy	Helsinki	100.00
ZAO YIT-Peter	St. Petersburg	100.00
YIT Elmek Ltd	Moscow	100.00
YIT AS Oslo	Oslo	100.00
AS YIT Emico	Tallinn	100.00
YIT Tehsistem SIA	Riga	100.00
YIT A/S	Fredericia	100.00
YIT Technika UAB	Vilnius	100.00

Company name	Domicile	Holding. %
Shares in subsidiaries. owned by YIT Industry Ltd		
YIT Teollisuus Invest Oy	Helsinki	100.00
OOO YIT Industria	St. Petersburg	100.00
Oy Botnia Mill Service Ab [2)]	Kemi	49.83
Kiinteistö Oy Leppävirran Teollisuustie 1	Leppävirta	60.00

1) YIT Building Services Central Europe GmbH shares have been transferred to YIT Building Systems Oy in 2013.
2) Oy Botnia Mill Service Ab is fully consolidated due to Caverion Group’s controlling interest.

Company name	Domicile	Holding. %
Shares in subsidiaries. owned by YIT Building Services Central Europe GmbH		
YIT Austria GmbH	Vienna	100.00
YIT Germany GmbH	Munich	100.00
Caverion North America Inc.	Hillsboro	100.00
Caverion Asia PTE	Singapore	85.00
Caverion Malaysia	Butterworth	100.00
YIT Caverion GmbH	Munich	100.00
Caverion Geb.technik OOO	Moscow	100.00
YIT Cesko Republic s.r.o.	Prague	100.00
YIT Poland Sp zo.o	Warsaw	100.00
YIT Romania S.R.L.	Sibiu	100.00
Disposals of subsidiaries in 2011		
YIT Hungary	Budapest	100.00
Dualis Hungary	Komarom	100.00
Caverion Hungary Kft.	Komarom	100.00

32 RELATED PARTY TRANSACTIONS

EUR million	2012	2011	2010
Sales of goods and services [1)]	55.6	62.3	70.5
Purchases of goods and services [2)]	38.3	41.0	34.6
Trade and other receivables	5.1	5.6	10.0
Trade and other payables	3.7	3.9	2.8

Goods and services to associated companies are sold on the basis of price lists in force with non-related parties.

Key management compensation [3)]

EUR million	2012	2011	2010
Salaries and other short-term employee benefits	1.1	1.1	0.9
Termination benefits	0.9	0.9	0.6
Share-based incentive plan [4)]	0.2	0.4	0.2

1) Sales of goods and services from related parties consist of building services offered by Caverion to YIT Group.
2) The goods and services purchased from related parties consist of IT services as well as office lease costs purchased by Caverion from YIT Group.
3) Key management compensation include the allocated share of the employee benefits of the transferring persons to Caverion, consisting of YIT CEO, the deputy managing director and the group management and the Board of Directors.
4) The total value of transferred shares, cash bonus and related taxes.

Loans to related parties
Loans to any related parties do not exist.

Lease commitments to related parties

The future minimum lease payments under non-cancellable operating leases

EUR million	2012	2011	2010
Total lease guarantees	68.3	75.7	80.4

The Group has leased the office facilities used in Finland from YIT, and the period of the lease agreements are based on external contracts made by YIT. The lease agreements of the office facilities have a period of validity up to 15 years. Most of the agreements include the possibility of continuing after the initial expiry date. The index, renewal, and other terms of the lease agreements of office facilities are dissimilar to each other.

Equity transactions

Equity transactions made with the YIT Group has been presented in the changes of invested equity.

Share-based incentive plan

YIT has had a long-term share-based incentive plan for its key personnel. The incentive plan has three separate earning periods for the years 2010, 2011 and 2012. The reward is based on the achievement of the set financial targets, which are the revenue increase and the return of investment (ROI). For each period there has been approved separate financial targets and the list of key personnel. The reward has been settled as a combination of YIT shares and cash. The cash-settled reward will cover the tax and tax related obligations. The shares received are forbidden to sell during the commitment period.

The main features of the YIT's incentive plan of the units included in the carve-out financial statements

	Year 2012 program	Year 2011 program	Year 2010 program
Grant day	February 29, 2012	March 18, 2011	April 6, 2010
Market value of the share on the grant day	16.55	20.67	17.52
Share rights granted [1)]	252,136	274,917	281,788
Shares granted [2)]	66,914	69,885	-
Share rights cancelled [3)]	208,003	211,903	-
Delivery year of the shares [4)]	2013	2012	2011
Last year of the commitment period	2016	2015	2013
The number of key employees	117	108	110

1) The maximum amount of granted shares
2) Shares granted based on the financial key targets
3) The difference between the maximum and realised number of shares
4) Shares granted in 2013 that are based on the 2012 plan, shares will be delivered before the partial demerger.

The portion of YIT Group's share-based incentive costs allocated to the units included in the the carve-out financial statements:

EUR million	2012	2011	2010
The program in 2010	0.4	0.6	1.5
The program in 2011	0.6	0.7	
The program in 2012	0.7		
	1.7	1.3	1.5

The accrued liabilities related to cash-settled part of the compensation amounts to EUR 0.5 million in 2012 (EUR 0.7 million in 2011 and EUR 1.2 million in 2010). EUR 0.3 million in 2012 (EUR 0.2 million in 2011 and 2010) of the cost recognised are related to the Group management board.

33 ASSETS HELD FOR SALE AND RELATED LIABILITIES

EUR million	**2012**	**2011**	**2010**
Assets held for sale			19.8
Related liabilities to assets held for sale			-17.2
Net assets held for sale			2.6

In 2010, the Group has classified certain assets as held for sale at the acquisition date of Caverion GmbH. These assets were sold in 2011 (note 4).

34 SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

On the February 21, 2013 the YIT Board of Directors approved the demerger plan relating to the partial demerger. According to the demerger plan, all assets and liabilities of the YIT's Building Services business will be formed as a new company, Caverion Corporation, which will be incorporated at the time of the demerger. The Construction Services business will remain with the YIT Group.

In February 2013 re-arrangements with a Nordic financial institution have been made for the re-financing of Caverion with a EUR 267 million financing agreement. There have been agreed about a long-term loan facility of EUR 140 million, a EUR 60 million long-term credit facility and a EUR 67 million bridge financing.

YIT has made an initial, non-binding offer to acquire HOCHTIEF Service Solutions on May 23, 2013. The business of HOCHTIEF Service Solutions relates to the Building Systems operations of YIT. Pursuant to the demerger plan the business potentially to be acquired would be transferred to Caverion Corporation in the proposed partial demerger of YIT. As the tendering process and the sales negotiations are about to be initiated, the terms and conditions of the possible acquisition, including the purchase price, remain yet to be agreed. Due to this, it is not possible at this stage to estimate the possibility of the realisation of the acquisition the detailed timetable or its effects on Caverion Group. HOCHTIEF Service Solutions turnover was EUR 700 million and net profit EUR 16 million in 2012 and it employs approximately 5.700 people.

Signatures of the Caverion Group carve-out Financial Statements for the year ended December 31, 2012, 2011 and 2010

Helsinki June 3, 2013

Henrik Ehrnrooth
Chairman

Reino Hanhinen
Vice chairman

Kim Gran

Satu Huber

Erkki Järvinen

Ari Lehtoranta

Michael Rosenlew

Juhani Pitkäkoski
President and CEO