

Annual Report 1999



Contents

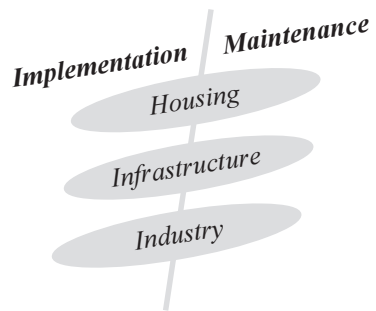
<i>YIT in brief</i>	3
<i>Chairman's review</i>	4
<i>The Group's key figures for 1999 and 1998</i>	6
<i>The divisions' services in brief</i>	7
<i>Financial indicators 1995 - 1999</i>	8
<i>YIT's operational concept: fertile ground for a life cycle strategy</i>	9
<i>Developing a competitive advantage</i>	12
<i>YIT focuses resources on personnel development</i>	14
<i>Consistent ways of operating promote better quality, environment, health and safety</i>	16
<i>Good market outlook for the YIT Group's main businesses</i>	20
YIT CONSTRUCTION LTD	
<i>An earnings and business volume boom in Building Construction</i>	24
<i>Property Services surging</i>	26
<i>Significant business potential in YIT's portfolio of plots and properties</i>	28
<i>Civil Engineering makes outlays on the development of its strategic strengths</i>	30
<i>Ensuring profitability is a priority in International Operations</i>	32
YIT HUBER LTD	
<i>The maintenance business already accounts for half of YIT Huber's net sales</i>	34
<i>Administration</i>	38
<i>Information on YIT's shares</i>	40
<i>Information on YIT's shareholders</i>	42
<i>Stock exchange release summary for 1999</i>	44
<i>Information for shareholders</i>	45
<i>Investment research</i>	45
<i>The YIT Group's organization</i>	46
<i>Contact information</i>	47
<i>Financial statements are provided as a supplement:</i>	
<i>Report of the Board of Directors, Jan. 1 -Dec. 31, 1999</i>	
<i>Income statements</i>	
<i>Balance sheets</i>	
<i>Statements of changes in financial position</i>	
<i>Notes to the financial statements</i>	
<i>Board of Directors' proposal for the distribution of profit</i>	
<i>Auditors' report</i>	
<i>Statement by the Supervisory Board</i>	

YIT in brief

YIT is a versatile service company whose field of business is industrial and construction investments.

YIT offers a wide spectrum of design, implementation and maintenance services for residential, real-estate, industrial and infrastructure investments both in Finland and on the international market.

YIT's service chain spans the entire life cycle of the investment from design and implementation to ongoing maintenance and renovation.



For additional information, visit our web site at www.yit.fi.

YIT's Annual Report 1999 comprises two separate sections, one containing the official financial statements and this annual review. If the section on the financial statements is not provided inside the review, you can order it from:
YIT Corporation, Corporate Communications,
P.O. Box 36, FIN-00621 Helsinki, Finland,
fax +358 20 433 3746 or e-mail postit@yit.fi.

Going into the new millennium in good spirits



Economic growth continued on a strong course in Finland, setting up a solid foundation for YIT's business in 1999. The population shift stimulated construction further. Demand was especially brisk within residential and non-residential construction and HEPAC and electrical installations. The demand for maintenance services for industry remained good. Capital expenditures by industry were still at a low level in Finland, but there are already signs that they will rise.

YIT's earnings trend has been stable and getting better since the mid-90s. 1999 was another successful year for the Group. Profit before extraordinary items rose to EUR 55.2 million, return on investment to 15.5% and net sales to EUR 1,222.1 million. The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.60 per share be paid for the 1999 financial year. In 1998, when we reviewed our strategy, we raised our dividend target to 30 – 50 per cent of the annual result with the aim of providing shareholders with a steady and rising yield.

Media Home: one of YIT's pioneering solutions within residential construction

YIT met the brisk demand for housing by increasing dramatically its production of market-financed housing. Last year the construction of 1,845 market-financed residential units was started up.

YIT consolidated its competitiveness and position as a trailblazer within residential construction by deciding to equip all its market-financed units with fixed broadband telecommunications networks. These households will be wired up for state-of-the-art data communications far into the future. YIT's strengths as a builder of housing are a good portfolio of plots and strong development efforts, which ensure that the company can provide excellent service and enjoy good earnings potential in coming years, as in the past.

A life cycle strategy for better service and a higher degree of upgrading

YIT's operational concept, which was defined over ten years ago, is to help customers invest productively and to maintain the value of their investments. The Group strategy aims to manage consistently, across all our business sectors, a service chain that covers the entire life cycle from design and implementation to maintenance.

Expansion of the service chain supports the growth strategy we set in 1995

By means of a chain encompassing the life cycle of an investment, we mean to achieve growth and a higher degree of upgrading in our business operations, along with an improved service capability. Customers can rely on our company for comprehensive service. Moreover, this gives YIT a steady flow of revenues during the entire life cycle of an investment.

The maintenance and servicing business – one of the focus areas of our strategy – has already grown to account for about one-fifth of the Group's net sales. Last year YIT Property Services strengthened its service chain,

• *“Finland’s entry into EMU, coupled with the increasingly diversified structure of industry, have led to a more stable operating environment for construction business.”*

making sizeable outlays on property maintenance and project management services. The role played by YIT these days is increasingly that of a service provider. Augmenting our service business reduces the amount of capital tied up in operations and thus increases our return on investment.

Values guide our development efforts

YIT's jointly-agreed core values are: to provide the best service, engage in smooth cooperation, foster lifelong learning and achieve good earnings. As a point in fact, over the last few years we have focused resources on innovative product development and on instilling in people throughout our organization a deeply ingrained sense of quality and good service. Our guiding objective is to have customers who are satisfied with our quality and service – and who gain added value from partnering up with YIT.

We have made outlays on developing our human resources and ensuring a balanced personnel structure. In addition to our internal development efforts, we are actively involved in programmes aiming at improving education for the construction field. In October last year, we entered into a cooperation agreement with the Siikaranta Insitute, which is owned by the Finnish Construction Trade Union, on the development of education leading towards a vocational diploma for employees.

Increased stability for the construction industry

The market outlook for the construction industry over the next few years is good. The future of this field, even in the long run, looks more stable than it has been for years. Calmer interest rate levels and lower inflation following Finland's entry into EMU, coupled with the increasingly diversified structure of industry, have led to a more stable operating environment for construction companies. In growth centres, the expansion of high-tech companies is increasing the demand for housing and non-residential construction alike. At the current rate of construction, it will take many years to purge pent-up demand, especially in the Greater Helsinki area.

Industrial investments are picking up

Industrial investments are rebounding and industry is becoming more confident in its future. The outlook for the export industry has also improved and order books have become stronger. Industry has announced that major investments will be made in the forest, metal and energy sectors over the next few years. This means greater demand for YIT Huber's capital investment services for industry after a few dormant years.

The company's outlook for the future is solid

The YIT Group's earnings outlook for 2000 is good. We expect that our profit before extraordinary items and our net sales will increase on the previous year.

Dear customers, partners in cooperation and shareholders, I would like to extend my thanks to you for the confidence you have shown in YIT and its operations. I would also like to thank our entire YIT team for working to ensure our joint future. May this year bring success to us all.



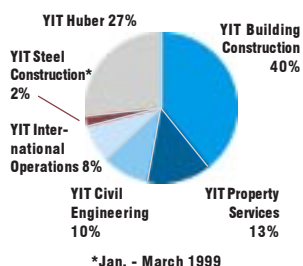
The YIT Group's key figures

for 1999 and 1998

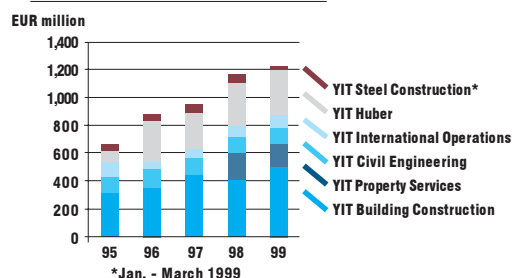
	EUR million		FIM million	
	1999	1998	1999	1998
Net sales	1,222.1	1,167.7	7,266	6,943
change on the previous year, %	4.7	24.1		
share of international business	165.3	200.0	983	1,189
Operating profit	62.3	54.5	370	324
% of net sales	5.1	4.7		
Profit before extraordinary items	55.2	46.0	328	274
Profit before taxes	73.7	45.8	438	273
Profit for the financial year	60.7	28.4	361	169
Balance sheet total	702.7	677.3	4,178	4,027
Interest-bearing net debt	117.1	157.5	696	937
Shareholders' equity	271.5	225.6	1,614	1,341
Gross capital expenditures on non-current assets	35.6	35.9	213	208
Backlog of orders not recognized as income at Dec. 31	479.1	477.5	2,849	2,839
Earnings per share, EUR/FIM	1.59	0.98	9.45	5.81
Equity per share, EUR/FIM	9.25	7.69	55.00	45.72
Dividend per share, EUR/FIM	0.60*	0.42	3.57*	2.50
Share price at Dec. 31, EUR/FIM	10.90	7.40	64.81	44.00
Market capitalization at Dec. 31	315.0	217.1	1,873	1,291
Return on investment, %	15.5	13.7		
Return on equity, %	18.3	13.9		
Equity ratio, %	41.6	37.3		
Gearing ratio, %	42.8	66.6		
Average personnel	8,721	7,340		

* Board of Directors' proposal

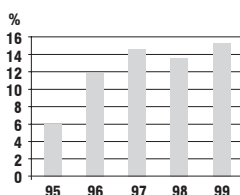
Net sales by division 1999



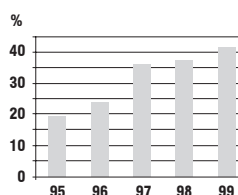
Trend in net sales by division, 1995 - 1999



Return on investment, 1995 - 1999



Equity ratio, 1995 - 1999



The divisions' services in brief

CONSTRUCTION SERVICES

YIT BUILDING CONSTRUCTION

is responsible for the Group's residential construction in the entire country. Outside the Uusimaa region, its field of business includes other types of building and industrial construction over and above residential construction. Building construction services also include plot procurement and design supervision.

YIT PROPERTY SERVICES

operates in the Uusimaa region. The division builds commercial and office premises, public buildings and industrial and storage premises. YIT Property Services offers a service chain that encompasses the entire life cycle of a property, from project development and the development of property business investment products to versatile property project implementation services, including project management, Design & Build, contracting and renovation. In addition to property investment implementation services, YIT's service chain includes property maintenance and upkeep services.

YIT CIVIL ENGINEERING

provides civil engineering services, from large-scale infrastructure projects to individual special projects and products. The division's products include earthwork, tunnelling, municipal engineering, regional construction, stabilization and other special ground engineering works as well as bridge, harbour and water treatment plant construction. Over the past few years, infrastructure maintenance and upkeep services have been added to the division's range of services.

YIT INTERNATIONAL OPERATIONS

offers design and implementation services for construction, infrastructure and industrial projects in Russia, the other CIS countries and the Baltic countries. Projects involving water and environmental services are carried out in Northern and Eastern Europe and in some countries in the Far and Middle East.

SERVICES FOR INDUSTRY AND HEPAC AND ELECTRICAL INSTALLATIONS

YIT HUBER

provides servicing, maintenance and capital investment services for industry and contracting, refurbishing and upkeep services in HEPAC (heating, plumbing and air-conditioning) and electrical installations. The company has foreign subsidiaries in Sweden, Norway, Russia and Estonia. In the field of capital investment services for industry, YIT Huber is the largest company in the Nordic countries in its own product areas, and when it comes to maintenance operations and HEPAC and electrical installations it is one of the major players in Finland.

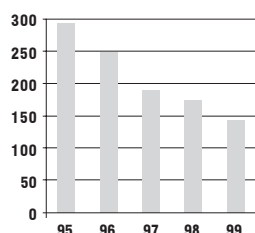


* = Net of the division's external Group eliminations

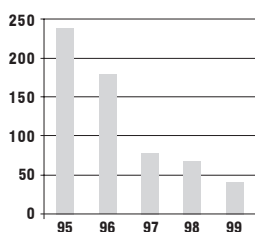
Financial indicators

1995 - 1999

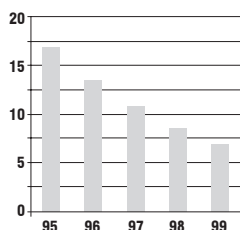
Interest-bearing liabilities,
EUR million



Gearing ratio, %



Net financial expenses, EUR million



Currency exchange rates
at Dec. 31, 1999

1 EUR =	5.94573	FIM
	1.0046	USD
	0.6217	GBP
	8.5625	SEK
	8.0765	NOK
	15.6466	EEK
	27.601	RUR

CONSOLIDATED INCOME STATEMENTS

(EUR million)

	1999	1998	1997*	1996*	1995*
Net sales	1,222.1	1,167.7	941.4	876.3	660.0
Change, %	4.7	24.1	7.4	32.8	21.0
Share of international business	165.3	200.0	171.1	157.4	156.2
Operating expenses	1,141.2	1,095.7	871.4	818.2	630.4
Depreciation and write-downs	18.6	17.5	16.0	15.9	10.6
Operating profit	62.3	54.5	54.0	42.2	19.0
% of net sales	5.1	4.7	5.7	4.8	2.9
Financial income and expenses, net	-7.1	-8.5	-10.8	-13.6	-16.8
Profit before extraordinary items	55.2	46.0	43.2	28.6	2.2
% of net sales	4.5	3.9	4.6	3.2	0.3
Extraordinary income	18.5	0.1	10.8	1.6	0.1
Extraordinary expenses		0.3	1.2	2.2	0.2
Profit before taxes	73.7	45.8	52.8	28.0	2.1
% of net sales	6.0	3.9	5.6	3.2	0.3
Profit for the financial year	60.7	28.4	40.9	20.7	0.1

CONSOLIDATED BALANCE SHEETS

Assets

Intangible assets	20.6	17.5	15.7	17.5	18.8
Tangible assets	78.3	88.1	78.6	93.8	96.5
Investments					
Own shares	4.2				
Other investments	11.4	13.8	10.5	10.8	17.3
Inventories	175.4	222.2	217.5	181.3	205.1
Receivables	389.2	320.1	300.9	259.7	257.8
Short-term investments	13.4	5.1	3.7	9.9	12.1
Cash and cash equivalents	10.2	10.5	16.4	8.8	17.9
Total assets	702.7	677.3	643.3	581.8	625.5

Liabilities

Share capital	58.8	49.3	49.3	41.0	41.0
Other shareholders' equity	212.7	176.3	157.6	82.4	63.9
Minority interest	6.7	11.1	10.1	7.6	6.7
Obligatory reserves	6.7	3.2	4.4	4.2	8.4
Long-term liabilities					
Interest-bearing	125.2	128.4	120.9	166.5	184.5
Non-interest-bearing	4.8	9.3	7.1	18.2	20.9
Short-term liabilities					
Interest-bearing	15.5	44.7	69.1	82.6	110.0
Advances received	43.7	42.4	41.2	37.0	46.6
Other non-interest-bearing	228.6	212.6	183.6	142.3	143.5
Total liabilities	702.7	677.3	643.3	581.8	625.5

KEY FIGURES

Return on investment, %	15.5	13.7	14.5	11.8	6.0
Return on equity, %	18.3	13.9	21.7	19.0	neg.
Equity ratio, %	41.6	37.3	36.0	24.0	19.3
Quick ratio	1.7	1.3	1.3	1.2	1.1
Gearing ratio, %	42.8	66.6	78.4	175.9	237.1
Gross capital expenditures on non-current assets	35.6	35.9	24.7	15.5	18.2
% of net sales	2.9	3.1	2.4	1.8	2.8
Backlog of orders at Dec. 31	479.1	477.5	411.7	319.7	346.1
of which orders from clients abroad	46.8	89.2	91.8	57.7	76.9
Personnel, average	8,721	7,340	6,531	7,184	5,661

* The figures for 1995 - 1997 are based on the earlier Accounting Act.

YIT's operational concept: fertile ground for a life cycle strategy

	CAPITAL INVESTMENT DESIGN AND IMPLEMENTATION	CAPITAL INVESTMENT SERVICING AND MAINTENANCE
INFRASTRUCTURE	Civil engineering, water supply and waste water treatment	Infrastructure maintenance, plant maintenance
HOUSING AND REAL-ESTATE	Building and industrial construction, property development HEPAC*	Renovation, servicing and maintenance for properties, HEPAC*
INDUSTRY AND ENERGY	Piping, tanks, investment services for industry	Servicing and maintenance of process and power industry

● — YIT Construction's field of operations

● — YIT Huber's field of operations

* HEPAC=Heating, plumbing and air-conditioning

YIT's service chain has been expanded from design and implementation to maintenance in all business sectors in accordance with the Group's strategy.



Our operational concept is to help customers invest productively whilst maintaining the value of their investments.

The objectives of the YIT Group's core strategy for 2000 - 2002 are to achieve profitable growth

In line with the operational concept, the Group strategy aims to manage the service chain covering the life cycle of investments in all of YIT's business sectors, that is, in housing, property, industry and infrastructure. The life cycle strategy seeks to achieve growth, a higher degree of upgrading in business operations, better service capability and a stream of profits throughout the entire life cycle of investments.

In construction, the aim is to retain a leading position in new building and renovation in Finland. We are seeking growth in market-financed housing production, the property business and civil engineering. YIT's strengths are a good portfolio of plots and constant development efforts.

We are vigorously increasing the share of maintenance and upkeep services in all our business sectors: properties, industry and infrastructure. Development creates a growing market for YIT and the basis for a steady cash flow.

In the case of investment services for industry, we mean to consolidate our market leadership in Finland, and in HEPAC and electrical operations we are strengthening our expertise in electrical installation and automation technology.

The main thrust of our international operations is construction in the Baltic Rim, where we aim to gradually establish a business presence by leveraging our specialized know-how. In services for industry, international operations focus on Scandinavia and the rest of Western Europe.

As far as our corporate culture is concerned, our goal is to strengthen our service culture throughout the entire organization. Our main objective is to have customers who are satisfied with our quality and service – and who have gained added value from our service chain.

Good progress towards the financial indicator targets

The financial indicator targets in the table were confirmed during a review of the Group's strategy in summer 1998. Good progress has been made towards attaining these targets.

Financial indicators: target levels and the actual figures, 1995 - 1999

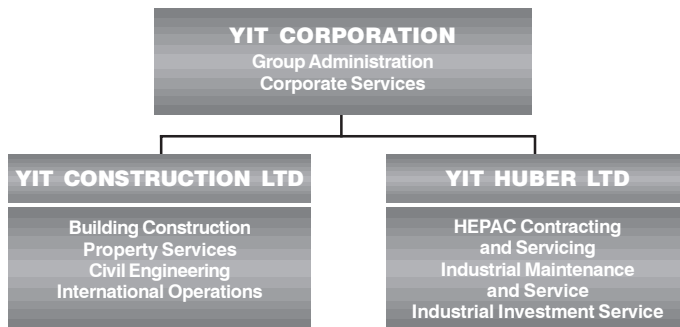
	<u>Target level</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Annual growth in net sales, %	10 - 15	4.7	24.1	7.4	32.8	21.0
Return on investment, %	18	15.5	13.7	14.5	11.8	6.0
Equity ratio, %	45	41.6	37.3	36.0	24.0	19.3
Dividend payout, %	30 - 50	37.7	43.0	27.4	28.8	neg.



“The life cycle strategy seeks to achieve growth, a higher degree of upgrading in business operations, better service capability and a stream of profits throughout the entire life cycle of investments.”

Transparency through the development of the Group structure

As from the beginning of 2000, the YIT Group’s business operations were organized into two newly-established subsidiaries that are wholly-owned by YIT Corporation: YIT Construction Ltd and YIT Huber Ltd.



The objective of the structural realignment is to improve the transparency of the Group’s financial information. The new structure also creates an improved basis for developing the Group’s services.

Competitive strategies of the divisions

YIT Building Construction’s strategic focus areas are increasing market-financed housing production, the construction of business premises and turn-key contracting. YIT Home will remain in the vanguard of progress. Operations and services are developed using a customer-centred approach. The division’s strategy aims to raise the return on investment by boosting the efficiency of design supervision and by optimizing land acquisitions.

YIT Property Services’ vision is to be the leading service company in the property cluster, with a comprehensive service chain ranging from the design and implementation of investments to maintenance. Its customers are property users and investors in the Uusimaa region. The division aims to increase the return on investment by stepping up the turnover rate of the capital tied up in business operations and by developing property projects that are attractive to investors. Its key processes are project development, project management, design & build and project financing.

YIT Civil Engineering aims to be the country’s leading civil engineering outfit. Its know-how draws on decades of experience and comprises a solid foundation for profitable operations. In infrastructure maintenance, the division aims to be the trailblazer among the companies in its field. Growth potential is being utilized efficiently in the growth centres. The division’s top-of-the-line expertise is selectively exported to neighbouring regions. Business operations are furthered by making outlays on the constant, customer-centred development of operations and service.

YIT International Operations means to achieve conservative growth and earnings potential. The core issue is to ensure profitability, with the Baltic Rim as the engine of operations. AB Kausta, a subsidiary of the division, will be developed into Lithuania’s leading contractor. Setting-up abroad is being amplified within the framework of a controlled profitability trend in Latvia, Estonia, St. Petersburg and Moscow. Water and environmental services are being targeted at the emerging markets of the Baltic area under the turn-key contracting concept.

YIT-Huber’s central objective is to increase its volume in the maintenance business. The share of operations accounted for by HEPAC and electrical installations is being increased by means of acquisitions and recruitment. The division aims to become a major European player in the delivery of piping for power plants, and a leader in Sweden. The division will strengthen its market leadership in capital investment services for industry in Finland. The division is devoting considerable attention to achieving profitable growth in Sweden, Norway and, in the case of other exports, in other markets for special products.



Developing a competitive advantage

R&D is one of the cornerstones of the YIT Group's competitiveness. The major development projects in 1999 involved the telecommunications connections of YIT Homes, the information management of the construction process and improving the reliability of packaging processes in the food industry. Additional development projects that were carried out within the divisions are described in the reviews of the divisions, and development projects concerning quality, environmental, health and safety issues are discussed in their own section.

YIT Home's telecommunications networks meet the needs of the future

Due to the rapid evolution of telecommunications technology, the typical array of cabling in apartment buildings is becoming inadequate for the task. High-performance telecommunications networks that provide access to new kinds of services for households are now required to supplement standard telephone and TV cables. The lifespan of the cabling in residential buildings is measured in decades. For this reason, these cables must remain up to the task even when the future changes the playing field, and they must be able to support network services.

YIT has decided to install fast broadband telecommunications networks into all its market-financed housing projects, ensuring that these housing units will offer powerful telecommunications capabilities far into the future. On February 7, 2000, after the end of the review period, YIT publicized its decision to equip its market-financed housing units with fixed Internet access as well.

In association with telecommunications companies and other service providers, YIT is developing electronic services for housing, such as smart fire and security systems, electronic commerce, the transfer of video images, property maintenance and remote control, internal communications within housing corporations as well as services related to telecommuting, education and care for the elderly and disabled. YIT Home is turning into a true Media Home.



“After the end of the review period, YIT publicized its decision to equip its market-financed housing units with fixed Internet access.”

A breakthrough in information management for construction projects

YIT's new information management system for use in construction processes (COVE) progressed from the pilot phase to a wider implementation capability. This model-based project management program makes it possible to step beyond construction blueprints into a virtual building. The program boosts the efficiency of production control and the planning and speed of logistics as well as provides higher accuracy in tender, quantity and cost calculations. This model allows the fast simulation of alternative solutions and their cost impacts, thereby facilitating the customer's decision-making.

The model is based on the research carried out by Jarmo Laitinen, D.Sc. (Tech.), while working on his doctoral dissertation at YIT. During the past year, the user-friendliness of the program was improved and it was employed at pilot sites, including the Itämerentori property in the Ruoholahti quarter of Helsinki. According to Rob Howard, a British professor, YIT has an advantage of at least a few years on its competitors because it would take a considerable amount of time for competitors to develop an equivalent system.

The international GLOBEMEN project, which is funded by the EU Commission, also examines how to facilitate the transfer of information between the parties involved in a production project. The Finnish parties to the GLOBEMEN project include not only YIT but also Fortum Corporation and the Technical Research Centre of Finland VTT.

Improving the reliability of the food industry's packaging processes

In 1999, YIT Service carried out an R&D project aiming to upgrade the reliability of the packaging processes of one of its customers to the state-of-the-art on the global scale. The project was implemented together with the customer's production organizations by analyzing the factors hindering the operational reliability of packaging processes and by finding operational and technical measures to effect improvements. The sites involved were four of Valio's fresh product dairies. VTT Automation acted as an external expert and the project was funded by Tekes, the National Technology Agency of Finland. The methods used were vulnerability analysis of production processes, which was developed by VTT, and the Structured Analysis and Design Technique (SADT).

The results of the project show that the use of the technology that has been developed allows for the rapid specification of the operational reliability of the production process, the analysis of the underlying factors that weaken reliability and the finding of rectification methods. Although such rectification measures have not been implemented systematically as yet, the operational reliability of certain dairies has risen by over ten percentage points during the course of this project.

YIT Service is working on a self-learning condition monitoring system

In 1999, YIT Service has headed a maintenance-related development effort that is being performed as an EU project. The project aims to develop a self-learning condition monitoring system based on neural networks. The project is being carried out in association with British research institutions and companies. Finnish industrial companies are also involved, and the project is being funded by Tekes. The objective is to put the equipment and systems that are developed as a result of the project into production use during the present year.



COVE boosts production processes by improving information management.



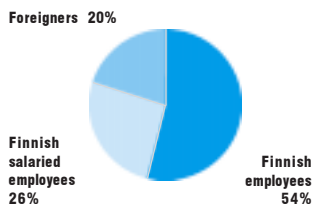
The reliability of packaging processes was improved at Valio's dairies.



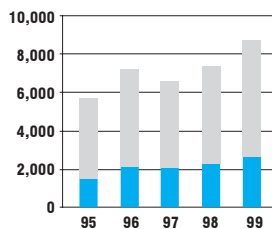
YIT Service made strong outlays on condition monitoring.

YIT focuses resources on personnel development

Breakdown of personnel, Dec. 31, 1999



Average personnel, 1995 - 1999



	Salaried employees	Employees	Total
1995	1,464	4,197	5,661
1996	2,103	5,081	7,184
1997	2,071	4,460	6,531
1998	2,300	5,040	7,340
1999	2,647	6,074	8,721

The YIT Group employed an average of 8,721 people in 1999 (7,340 people in 1998). At year's end, the Group had a total payroll of 8,282 people. Most salaried employees are permanently employed with the Group.

A diverse personnel structure supports earnings performance

The average age of Finnish employees working for the YIT Group is 42 years. More and more attention has been paid to the development of a balanced and diverse personnel structure both through recruitment and job rotation.

Of YIT's salaried employees, almost 10% have completed a university degree, about 30% have a college degree and likewise around 30% have a lower technical or business degree. A greater share of employees now also have a vocational degree. About 300 trainees were in summer 1999 in positions geared towards supporting vocational studies.

The average duration of a stint of employment is 11 years. YIT appreciates long-term employment relationships by such means as an extra bonus that is based on the duration of employment.

Jointly-agreed upon values emphasize customer service and teamwork

Excellence in service, well-run cooperation, continuous learning and good performance were approved as YIT's shared core values

in 1996. These values are evident also in the Group's key results, which are confirmed annually. The values and key results guide the company's development efforts and managerial practices.



Management by results is YIT's chosen mode of operations

The YIT Group employs management by results. The goals of each salaried employee for the financial period are agreed during a performance evaluation discussion with his or her supervisor. The realization of objectives is evaluated during monitoring and evaluation discussions.

YIT strives to offer competitive benefits to its personnel. The majority of salaried employees are covered by a bonus system. The amount of the bonuses that are paid depends not only on the financial results of the entire Group and the division and unit in question, but also on the realization of personal key results. About 150 of the Group's key employees have share options under the 1998 share option programme.

Making outlays on personnel development

Personnel development continued very active within the YIT Group, both within the framework of the Group's and divisions' development programmes. The major competence areas and therefore the main topics in personnel development besides actual basic vocational skills are quality, customer service, cooperation, management by results, information technology, foreign languages, safety and working with fire. Several job orientation events were organized for new employees. At these events, the Group and its key operating principles are introduced.

A considerable number of diploma and final projects are carried out as practical examinations in various fields within YIT. Consequently, the completion of practical examinations has become a very workable and natural recruitment channel.

“The aim is to create YIT the best system for the development of work site personnel in Finland.”

In order to strengthen employee training, YIT made a significant cooperation agreement with the Siikaranta Institute, which is owned by the Finnish Construction Trade Union, in the autumn 1999. The aim of this cooperative endeavour is to create for YIT Finland's best system for the development of work site personnel. The backbone of the training agreement comprises vocational diplomas approved by the National Board of Education. YIT has actively participated in the development of these diplomas. People started taking the diplomas in Helsinki in the autumn 1999 and at the beginning of 2000 in Tampere and Oulu as well.

Annual opinion assessments as development tools

YIT monitors the development of the climate of the working community by means of annual surveys directed at the personnel. The results are used widely in such efforts as the planning of development operations. The study carried out in autumn 1999 covered employees for the first time.

According to the survey, development has been very satisfactory at the Group level. The differences in unit-specific results have been accounted for in the direction of development work. Likewise, the differences between various groups of employees have been accounted for.

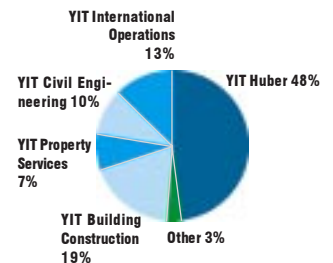
Attending to health, safety and occupational fitness

The provision of occupational health, occupational safety and occupational fitness activities are part and parcel of the same effort. The provision of occupational safety for YIT personnel covers not only legally required occupational health provision but also medical care by general practitioners. Activities geared towards the occupational fitness and well-being of personnel are coordinated by a development and cooperation working group that includes representatives from different personnel groups and divisions.

Occupational safety was promoted by means of training as well as safety competitions and campaigns.

YIT provides financial support for recreational choices that promote the occupational fitness of personnel. These activities are headed by local personnel clubs, which have continued to engage in a great many pursuits.

Personnel by division 1999



Consistent ways of operating

promote better quality, environment, health and safety

YIT's operational principles

We meet customers' needs with competitive products and services that represent high quality.

We ensure that YIT and its partners in cooperation enjoy unhindered operations and productivity.

We improve the environmental friendliness of products and operations in association with our customers.

We upgrade personnel safety and prevent accidents.

We promote the well-being of employees and the quality of working life.

Merging separate systems to form a single operating system

YIT has integrated its formerly separate quality, environmental, occupational safety and health systems into a single operating system. YIT's process-based operating system comprises Group-level operating principles, division-specific systems and project-specific plans. The divisions are currently at work on applying the system.

At the Group level, development efforts related to quality and environmental issues are guided by an environmental management group that is supported by a working group composed of experts from the divisions. In addition, the divisions have their own environmental organizations.

Focusing efforts on the development of quality

YIT has stepped up its outlays on quality development. Many units employ certified quality systems. The quality system of YIT Building Construction was put into operation in 1992 and received certification in 1996. Almost all of YIT Huber's business functions have been granted quality and environmental certificates in accordance with the ISO 9001 or the ISO 9002 and ISO 14001 standards.

YIT's quality benchmarks are: remaining on schedule, observing quality defects, customer feedback and the costs of the year-long repair and liability period. Each building construction project provides the company with customer feedback. The method used is quality assessments, where the management of design, quality planning, work site management, routine procedures, the operations of quality working groups, quality awareness, documentation, procurements and attention to the environment are all assessed.

Filing procedural and construction component descriptions

A procedural file concerning building construction (YIT-Talo) is the outcome of a study made by YIT. The file describes in detail the construction components that are used and the production methods, along with their quality requirements. The system facilitates the manufacture of a product that meets the customer's wishes using the best procedure. It is easy to develop models for solutions when these solutions are described both in writing and with pictures. On the other hand, it is easy to remove solutions that have been found to be defective.

Employing diverse means to ensure the quality of YIT Homes

YIT Home is the trademark used in YIT's market-financed housing production. It is also a complete service that boasts superior technical features and quality as well as YIT's financing alternatives. The customer who will move into a YIT Home can visit the site to have a look at his or her residence, its quality and the construction work itself under the guidance of work site staff. When residents move in, they are given instruction on the use of various equipment of the house. After the move, customer feedback is systematically collected from all the residents. The quality of the product and service is developed on the basis of this feedback.

The quality of construction and its environmental impacts go hand in hand

The environmental impacts of construction must be examined both while construction is in progress and during the entire life cycle of the building. The share of environmental impacts accounted for by work site operations is only about 1 - 2 per cent of the impacts of the building over its entire life cycle. The environmental impacts of work sites arise e.g. from construction wastes, energy consumption, vehicle traffic and the use of natural resources.

The risks that manifest themselves during the service life of a building are usually defects in the quality of construction, which decrease living comfort, health or the durability of structures or increase energy consumption. YIT's management of the environmental impacts of work sites is based on a total system including quality, environmental, moisture control and plans for work site inspection. By providing maintenance services, YIT is well placed to cushion environmental impacts occurring throughout the life cycle of investments.



“By providing maintenance services, YIT is well placed to cushion environmental impacts occurring throughout the life cycle of investments.”

Moisture control is an important factor in quality and environmental soundness

YIT's moisture control plan is a tool that is used to prepare for possible moisture control problems at work sites. During the report year, the framework of the plan was adjusted to make it more usable.

Topics to be considered in moisture control:

- expertise of the company's own employees and those of subcontractors
- drying of the base of the building
- the building envelope and roofing
- sanitary rooms and HEPAC equipment
- the materials that are used
- protection of the materials and incomplete structures
- control of concrete drying and setting up good drying conditions
- moisture measurements
- providing the user with instructions on the use and maintenance of the building

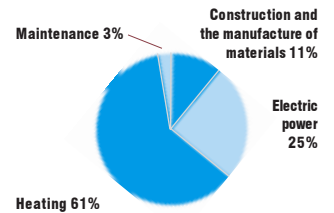
In 1999, the “Moisture-secure Bathroom” research project continued. The participants were YIT, Tekes (the National Technology Agency of Finland), VTT Building Technology, other large construction firms and manufacturers and suppliers of materials. In the study, the aspects that were assessed were the functionality of the surface structure systems used in the sanitary rooms of residences and the characteristics and compatibility of the components used in these rooms, that is, the waterproofing materials, tiles, fixing grouts, floor drains and other inlets. The product certification of the surface structure systems used in sanitary rooms has begun and the first certified sanitary room installers will graduate in February 2000.

Health and safety form the basis of occupational fitness

YIT's comprehensive provision of occupational health covers not only legally mandatory preventative health care but also medical care at the general practitioner level.

Training to improve the safety expertise of personnel is currently being held at YIT's various units. The occupational safety managers, occupational safety ombudsmen and responsible foremen of the regional units are taking part in this occupational safety level training. Weekly safety level assessments have been started up at the work sites. These assessments allow for the tracking of changes in the safety level. The objective is to improve the level of safety at work sites and thereby reduce accidents. The factors that are tracked include the work at the site, scaffolding, machines, electricity, illumination, measures taken to protect workers from falling and general order at the work site. All in all, about 1400 persons took part in safety training within the YIT Group in 1999.

Environmental impacts of a concrete frame terraced house apartment over a usage period of 50 years





Quality and environmental development programmes in 1999:

- University theses were written on the assessment of the ecological standards of residential buildings, the management of the environmental impacts of building construction sites and environmental indicators for construction sites.
- Tekes' "Water Supply 2001" programme, which aims to improve the treatment process used in purifying waste water. The programme came up with the "next generation" in activated sludge plant technology: CARMEN.
- Descriptions of procedures and construction components in building construction (YIT-Talo).
- "Moisture-secure Bathrooms" study with Tekes and VTT.
- The bulk of YIT's employees who construct and install sanitary rooms took part in sanitary room installation training, which will continue in 2000.
- In December, YIT Huber's "EHS pocket guide" was completed: it is a practical guide on how to take care of environmental, health and safety issues at work sites and offices and during maintenance work.

YIT's quality certificates in 1999

Unit	Certificate	Certificate granted by
YIT Building Construction and YIT Property Services	SFS-EN ISO 9001 Construction company's competence certificate	The Finnish Standards Association SFS Construction Quality Association RALA
YIT Civil Engineering and YIT Bygg Ab	SFS-EN ISO 9002	Det Norske Veritas
YIT Industry Ltd	SFS-EN ISO 9001	Inspecta Oy
YIT Power Ltd	ISO 9001 EN 729-2 ISO 9002 EN 729-2	Inspecta Oy Inspecta Oy
YIT Service Ltd	BS EN ISO 9001	Bureau Veritas Quality International
YIT Safetytec Oy	SFS-EN ISO 9001	The Federation of Finnish Insurance Companies
YIT International Operations and Vatten och Miljöteknik AB	SFS-EN ISO 9001	Det Norske Veritas
Makroflex Oy	SFS-EN ISO 9002	SFS Certification

YIT's environmental certificates in 1999

Unit	Certificate	Certificate granted by
YIT Industry Ltd	SFS-EN 14001	Inspecta Oy
YIT Power Ltd	SFS-EN 14001	Inspecta Oy
YIT Service Ltd	BS EN ISO 14001	Bureau Veritas Quality International
Makroflex Oy	SFS-EN ISO 14001	SFS Certification

The other units are continuing with the work of developing and integrating environmental systems.

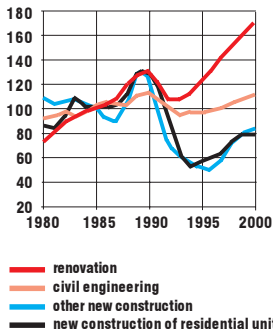
For more detailed information on the content of these certificates, visit YIT's web site at www.yit.fi.



Good market outlook for the YIT Group's main businesses

Construction volume in Finland, 1980 - 2000

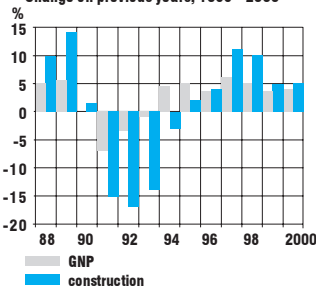
1985 index = 100



Source: RTK, February 1999

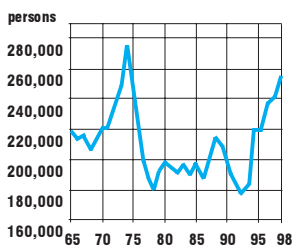
GNP and construction investments in Finland

Change on previous years, 1988 - 2000



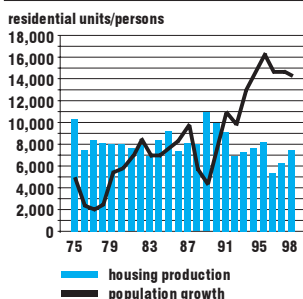
Source: ETLA, December 1999

Migration between municipalities in Finland, 1965 - 1998



Source: RTK, February 1999

Annual housing production and population growth in the Greater Helsinki area, 1975 - 1998



Source: YTV/Development Planning Unit, March 1999

The YIT Group's earnings and growth prospects for the next few years are good, thanks to the market outlook for the major business environments and the company's own strategic outlays. Finland's economic growth remains strong, supporting favourable development in the company's main fields of business. The most important factors for the success of YIT's construction business over the next few years are considered to be the outlook for the housing and property market and the outlook for civil engineering. In the case of YIT Huber, the decisive factor is the outlook for HEPAC and electrical installations and maintenance and investments by industry.

The outlook for construction in Finland remains good

The low and stable interest rate level in the EMU environment, coupled with low inflation, creates a good basis for construction, growth in private consumption and healthy corporate investment activities in Finland. In Russia and the Baltic countries, the main target areas for YIT's construction exports, the outlook remains unstable. Export outlays have been brought in line with the volumes expected in the near term, although in such a way as to maintain the company's positions.

According to an estimate made by the Confederation of Finnish Construction Industries RTK, the value of building production in Finland is about FIM 90 billion. Of this amount, civil engineering accounts for FIM 20 billion and building construction for FIM 70 billion. About 43% of building construction comprises refurbishing.

According to the Research Institute of the Finnish Economy ETLA, the GNP will grow by 4.5% in Finland in 2000. ETLA foresees a growth of 5% in construction investments in 2000, a growth of 5% in refurbishing and residential construction and other building construction investments, and a growth of 3% in civil engineering investments.

YIT expects that construction costs will develop moderately in such a way that the increase in total costs will be 2 - 3%, with growth being attributable mainly to labour costs.

Housing construction remains brisk

More housing start-ups

RTK anticipates that residential construction will continue to be brisk in Finland. According to advance information, residential start-ups in 1999 totalled about 35,000 residential units. Of these, 22,500 were flats and terraced house apartments and 12,000 were detached residences. RTK expects that 38,000 new residential units will be built in Finland during the present year. Of these, approximately 10,000 will be rental housing. About one-third of the housing stock in Finland comprises rental housing units.

The population shift into the growth centres remains strong

YIT expects that the population shift will continue to surge in activity from 2000-2005 due to the growing labour needs of high-tech companies. Demand for housing will remain high over the next few years, especially in the Greater Helsinki area, where construction has not kept up with the population shift for ten years. State-subsidized housing production has declined in recent years, remaining at about 10,000 to 11,000 residential units per year. This raises further the need to increase market-financed housing production.

“After the recession, the disposable income of Finns has grown primarily thanks to the decline in interest rates and inflation.”

Home-buyers have more purchasing power

After the years-long recession, the disposable income of Finns has grown primarily thanks to the decline in interest rates and inflation, and homes are being bought actively in spite of the increase in nominal prices. According to the statistics compiled by Huoneistokeskus real estate agency, the strongest rise in prices has been seen in the Greater Helsinki area, where the per square metre price of two-room residences in blocks of flats rose again towards the end of the year. In the rest of Finland, the trend in the prices of residential units in blocks of flats has remained stable for the most part. The real prices of residential units are, in spite of the rise in nominal prices, an average of 20% lower than the peak price levels of the 80s.

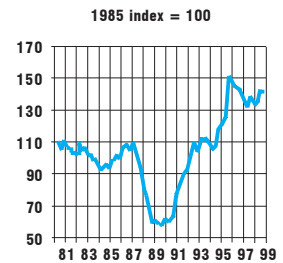
Finns still live in cramped conditions

An international study comparing living conditions indicated that Finns still live in cramped conditions, although over the long term the amount of available living space has increased in step with the greater wealth of the population. In 1960, there were 14 square metres of living floor space per inhabitant in Finland, while in 1980 this figure was 26 and at the end of the 1990 it was over 34 square metres. A comparison of capital cities around the world shows that there is negligible margin for compacting the population.

Robust property markets in the growth centres

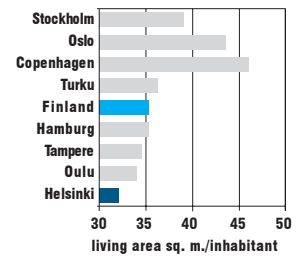
VTT Building Technology has evaluated that the aggregate market for property maintenance amounts to about FIM 80 billion, of which the growing share accounted for by the purchasing services market is about FIM 25 billion. The outlook for the property business in 2000 remains good in the Greater Helsinki area and other regional growth centres. The vacancy rate for office premises is very low in the Greater Helsinki area: the number of vacant office premises is so low as to be negligible. High-tech companies in particular need commercial and office premises.

Purchasing power of buyers of housing units, 1980 - 1999



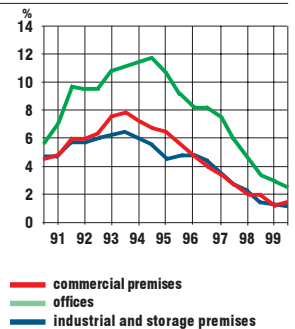
Source: OKOBANK Group, September 1999

Housing stock per person in the Helsinki area and in comparison cities, 1997



Source: Urban Research, 1999

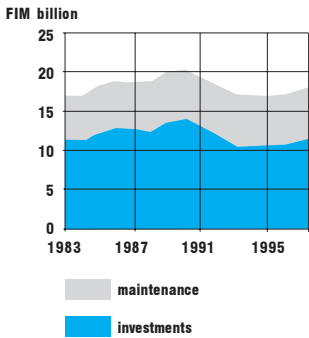
Vacancy rates of business premises in the Greater Helsinki area, 1991 - 1999



Source: Catella, September 1999

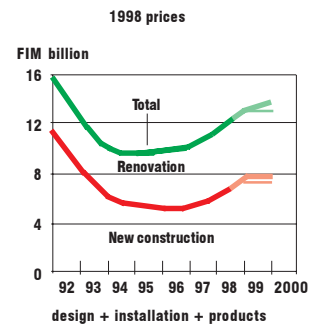


Volume of civil engineering in Finland



Source: Statistics Finland, 1999

Domestic demand on the market for HEPAC and electrical installations



Source: VTT, 1999

The property market is changing

The ownership, use and maintenance of properties are becoming differentiated. The markets aim to employ increasing competition to achieve growth in productivity and efficiency. The owner's goal is to gain the highest possible yield from invested capital. A user-centred approach is more often the factor that guides the development of the property business, and the service expectations of the users are growing in step with this.

Owners and users are focusing on the key processes of their operations and the service business is evolving as the third sector of the property cluster on the basis of the needs of the owners and users. For example, in the study commissioned last year by the Finnish Association of Building Owners and Construction Clients RAKLI, all the 40 institutional property owners who responded said that they intend to outsource the maintenance services of their properties during the next three years.

Moderate growth in civil engineering

Civil engineering has been on a growth vector since 1995. The total value of production in 1998 was about FIM 20 billion, of which investments accounted for around FIM 12.5 billion and maintenance for FIM 7.5 billion. The share which civil engineering companies can claim represents about half of the aggregate market. Advance information indicates that the business volume grew by 3% in 1999. Maintenance, management and investments grew.

ETLA expects that volume will grow further by 3% in 2000. YIT anticipates that this growth will come primarily from civil engineering related to housing and industrial construction.

Public administration has traditionally attended to maintenance work through its own organization and by using the equipment of small contractors. Over the last years, municipal authorities have begun to put out for competitive bids on maintenance work as larger regional projects. At the same time, the Finnish National Road Administration has started to invite competitive tenders for road maintenance work; to date, this has been done for ten out of about one hundred maintenance areas.

YIT Huber's market outlook is good

Construction increases demand for HEPAC and electrical installations

The economic situation in Finland and the good outlook for the construction business maintain the growth of HEPAC (heating, plumbing, air-conditioning) and electrical installations, especially in the growth centres. The increase in renovation activities also supports the growth in HEPAC sector. When undertaking major renovations of ageing buildings, the building equipment systems often have to be replaced. The demands set on the automation level of HEPAC and electrical installations have grown.

YIT expects that the demand for maintenance and servicing for HEPAC and electrical installations will continue to rise. The emphasis on the efficient use of energy and living comfort, coupled with the increase in the disposable income of consumers, lay the foundation for the growth and further development of the business. Demand for property security services is also expected to rise.

“Companies are focusing on their core competence areas and are outsourcing support services, like maintenance, that require special expertise and where outsourcing will bring about a rise in productivity.”

Industry is outsourcing its maintenance services

The market for industrial maintenance services is valued at over FIM 18 billion per year (source: the Tampere University of Technology, 1999). The bulk of this volume is still performed by the maintenance departments of these industrial plants. However, the situation is changing in such a way that companies are focusing on their core competence areas and are outsourcing support services like maintenance that require special expertise and where outsourcing will bring about a rise in productivity.

Industrial investments are on the rise

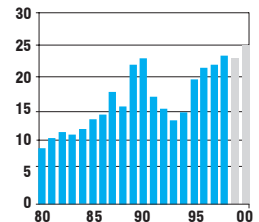
Investment operations in the forest, chemical and metal industries remained at a low level during the report year, but incipient demand on export markets partially compensated for this. The outlook for the growth of industry in Europe has improved, and the recovery of industry in Southeast Asia has continued.

In its business cycle barometer published in December 1999, the Confederation of Finnish Industry and Employers TT reported that the confidence of industry has strengthened further. According to the barometer, 80% of industry is operating at full capacity. The domestic order book reached its "normal" level for the long term last autumn and the order book of the export industry followed suit in December 1999.

Strong economic growth is maintaining the brisk demand for paper. According to TT, the capacity utilization ratio in the paper industry has now exceeded 90%. The trend in the price

Industrial investments in Finland, 1980-2000

FIM billion, at the going rates



Source: TT's investment survey, November 1999



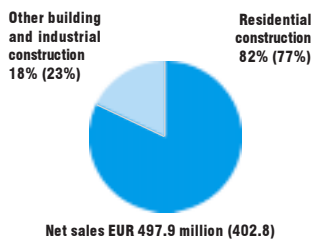
YIT CONSTRUCTION LTD

An earnings and business volume boom in

Building Construction

YIT Building Construction is responsible for the Group's residential construction in the entire country. Outside the Uusimaa region, its field of business includes other types of building and industrial construction over and above residential construction. Building construction services also include plot procurement and design supervision.

Breakdown of net sales, 1999 (1998)



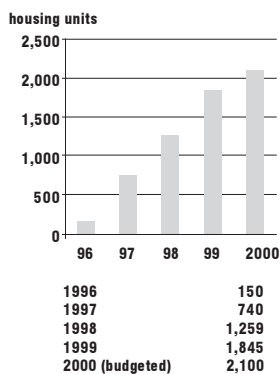
Key indicators 1995 - 1999, EUR million

	1999	1998	1997	1996	1995
Net sales	497.9	402.8	435.9	346.1	311.1
Operating profit	28.1	18.8	23.2	21.9	19.2
% of net sales	5.6	4.7	5.3	6.3	6.2
Return on investment, %	14.3	11.5	7.1		
Order backlog, Dec. 31	202.5	149.4	209.4	132.5	145.0
Average personnel	1,457	1,421	1,574	1,424	1,463
Share of the Group's net sales accounted for by the division, %	40	34	46	39	47

Division balance sheet summary, EUR million

	1999	1998
Non-current assets	1.2	1.5
Inventories	127.3	165.9
Financial assets	207.3	123.5
Shareholders' equity	102.5	91.9
Obligatory reserves	0.6	0.8
Interest-bearing liabilities	96.6	100.0
Non-interest-bearing liabilities	136.1	97.2
Balance sheet total	335.8	290.9

Start-ups of market-financed residential construction, 1996 - 2000



1999 was a year of vibrant evolution for YIT Building Construction. The division made considerable outlays on the development of new products, services and its operations. The good market situation and active development efforts laid the foundation for growth in net sales and profitability.

YIT Building Construction's net sales grew to EUR 497.9 million (402.8). Operating profit rose by a good margin, hitting EUR 28.1 million (18.8). Return on investment improved to 14.3% (11.5). The strongest growth in net sales and profitability was seen in market-financed residential construction. The backlog of uninvoiced orders amounted to EUR 202.5 million (149.4) at the end of the year. The figures for 1998, the comparison year, are provided on a pro forma basis due to the reorganization that took place in March 1999, when YIT Property Services was separated from YIT Building Construction to form a separate division.

Demand for housing remained brisk in the growth centres

Demand for market-financed housing has been brisk throughout Finland, with the greatest demand being seen in the Greater Helsinki area and other growth centres due to the large-scale population shift to these areas. Demand has also risen due to the increased purchasing power of consumers and their belief that the favourable business cycle will continue.

In spite of the buoyant growth in market-financed residential construction, competition for residential and other construction contracts remained tight, especially in the provinces. During the report year, construction resources were used to their full extent in the Greater Helsinki area.

A total of 2,160 (2,699) housing units were completed in 1999. At the end of 1999, there were 168 (159) completed housing units that remained unsold.

The structure of production changed clearly from State Housing Board-supported housing construction in favour of market-financed construction. In addition to family-owned housing production, there was an

Residential construction, 1998 and 1999

	Start-ups		Under construction, Dec. 31	
	1999	1998	1999	1998
Market-financed construction, total	1,845	1,259	1,917	1,104
- of which ALFA apartments	666	211	599	211
State-supported construction, total	789	1,532	792	1,111
Total	2,634	2,791	2,709	2,215

increase in the production of market-financed rental housing that is sold to various institutional investors.

In the case of State-supported production, the developers of buildings constructed by YIT include numerous insurance companies, pension funds and non-profit developer organizations.

In addition to residential construction, YIT Building Construction erects commercial and industrial buildings and public buildings all over Finland. This type of construction and traditional tender-based contracting account for a total of one-fifth of total net sales of the division.

YIT Home: at the forefront of progress thanks to its state-of-the-art telecommunications connections

Development operations continued vigorously and focused on upgrading the YIT Home housing product. YIT Home is being worked on constantly on the basis of customers' needs. Last spring, the choice of purchasing a home was made easier for home buyers by introducing a new sales practice, where the

“The good forecasts concerning the national economy were reflected in the faith consumers have in the future, which also increases demand for housing.”

home buyer pays only 15% of the price of the housing unit at the time the deal is made and the rest when he or she moves in. The Alfa apartment model, which was launched in autumn 1998, has become very popular and its share of all of YIT's market-financed residential construction has already increased to about 40 per cent. In an Alfa apartment, the share of self-financing is lower than normal being only 30%. A condominium loan accounts for 70%. Customers have given very positive feedback on these new financing models.

In addition to the aforementioned financing models, YIT consolidated its competitiveness and position as a pioneer in residential construction by deciding, at the end of last year, to equip all the market-financed residential projects it is starting to build with state-of-the-art telecommunications connections, thereby ensuring that these housing units will boast powerful IT capabilities far into the future.

Broadband networks are installed during the construction stage, keeping costs low and making it possible to enjoy e.g. extremely fast fixed Internet access, multimedia use and security services. YIT is currently building a market-financed rental apartment block in Pitäjänmäki, Helsinki, and the telecommunications system has been developed during the construction of this building. The flats are designed to meet the needs of high-tech companies and their employees.

Great strides forward were made in developing tools for project management. The improvement of the quality system continued as part of the Group's process-based operating system. In the development of a new product model-based information management system (COVE cost estimation software), progress was made from the pilot phase to a wider implementation capability.

Asunto Oy Oulun Joutsenkaari will be completed in April 2000.



Earnings and growth outlook are still good

The outlook for building construction will remain good for many years. The growth of high-tech companies is still acting as the engine of the population shift into the growth centres, keeping demand for residential and commercial premises high in these areas. The good forecasts concerning the national economy were reflected in the faith consumers have in the future, which also increases demand for housing. The year 2000 is looking good. YIT Building Construction's net sales and operating profit are expected to grow and return on investment to improve further.

The most important projects in 1999

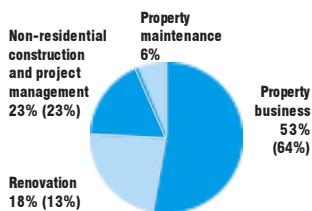
- As Oy Helsingin Kesäillanvalssi (44 residential units)
- As Oy Tampereen Pellavankulma (60 residential units)
- As Oy Jyväskylän Urhonportti (56 residential units)
- As Oy Oulun Joutsenkaari (110 residential units)
- Länsi-Auto Oy's store in Lahti
- Refurbishing and expansion of the Citymarket department store in Kotka

The facade of Asunto Oy Helsingin Kesäillanvalssi in Töölö.

Property Services surging

YIT Property Services operates in the Uusimaa region. The division builds commercial and office premises, public buildings and industrial and storage premises. YIT Property Services offers a service chain that encompasses the entire life cycle of a property, from project development and the development of property business investment products to versatile property project implementation services, including project management, design & build, contracting and renovation. In addition to property investment implementation services, YIT's service chain includes property maintenance and upkeep services.

Breakdown of net sales, 1999 (1998)



Net sales EUR 165.4 million (201.5)

Division balance sheet summary, EUR million

	1999	1998
Non-current assets	39.2	35.7
Inventories	25.3	29.3
Financial assets	82.6	95.6
Shareholders' equity	58.0	51.3
Obligatory reserves	5.0	0.5
Interest-bearing liabilities	62.4	84.1
Non-interest-bearing liabilities	21.7	24.7
Balance sheet total	147.1	160.6

Key indicators 1998 - 1999, EUR million

	1999	1998
Net sales	165.4	201.5
Operating profit	17.4	19.2
% share of net sales	10.5	9.5
Return on investment, %	13.8	-
Order backlog, Dec. 31	83.6	88.5
Average personnel	517	370
Share of the Group's net sales accounted for by the division, %	13	17

1999 was YIT Property Services' first year of operations – and a time of buoyant development. The division was established in March 1999 when it was hived off from YIT Building Construction.

The division's net sales in 1999 were EUR 165.4 million (201.5) and its operating profit was EUR 17.4 million (19.2). Return on investment was 13.8%. The backlog of uninvoiced orders at the end of the financial year stood at EUR 83.6 million (88.5). The comparison figures for 1998 are given on a pro forma basis.

The profitability of the division was good. However, the earnings trend was inconsistent within the division. The result of the property business exceeded the target set for it and was good. On the other hand, the earnings of the non-residential construction unit and the renovation unit underperformed their targets.

Brisk business in the construction of commercial and office premises

Demand in the property and construction market in the Greater Helsinki area remained at last year's brisk level. The volume of the commercial and office buildings whose construction was started up rose to almost two million cubic metres. Compared with the previous year, there was a slight decline in the volume of construction start-ups of industrial and storage buildings. The volume of reno-

vation remained at the previous year's level. In the maintenance and upkeep of premises, the market for purchasing services continued to climb considerably as property owners outsourced their service provision.

A service chain imparts added value to customer service

The main focus of the effort to improve YIT Property Services has been on developing a service chain and organizational structure based on life-cycle expertise. The division strengthened its market position in aftermarket services by acquiring Kiinteistöpalvelu Rapido Oy from the Foundation for Student Housing in the Helsinki Region (HOAS) in June and Optum Kiinteistöpalvelut Oy from the OKOBANK Group in May.

During the report year, these companies and the existing maintenance functions of YIT Property Services' were merged to form YIT Rapido Property Services Ltd. At the end of the year, its service agreements in property management covered about 500 sites, or a total of around 400,000 square metres and approximately 400 sites in maintenance and upkeep, totaling about 1,000,000 square metres and 32,000 residents.

YIT Concept Project Management Services Ltd was set up in September. Its role in the service chain is to generate customer solutions for the design and implementation of property projects on the basis of a project management model.

The development of customer-centred service operations is a priority

One of the central challenges in business development is strengthening innovative property project development operations.



“YIT Property Services’ main focus of effort has been on developing a service chain based on life-cycle expertise.”

As a result, numerous new and intriguing cooperation projects have been started up. They will ensure that the division will be well poised to expand its business operations over the next few years. During the previous autumn, the division launched its new service concept, “YIT Property Briefcase”, in which YIT’s entire property service chain is presented.

Considerable outlays have been made on the development of the support system for business operations and project management. The major achievement has been the development of a new product model-based information management system (COVE cost estimation software). In this development project, information and project management were upgraded to a new level using the latest IT tools. The information management system had been shepherded from the pilot phase to wider implementation readiness by the end of the year.

Promising outlook for 2000

The division is promisingly well prepared for 2000. YIT expects 5 – 10% growth in start-ups of office and commercial construction. Thanks to YIT Property Services’ overhauled service structure and positioning on the market, the division has what it takes to succeed. In 2000, net sales and return on investment are expected to increase compared with the previous year. Operating profit is anticipated to remain at the same level as in 1999.

The most important projects in 1999

- The Mäkelänrinne swimming hall for Urheiluhallit Oy, which is owned by the City of Helsinki
- Radisson SAS Plaza Hotel Helsinki for SOK Corporation
- Kiinteistö Oy Metrotori in the Ruoholahti area of Helsinki, the main user and owner of the property is the Union of Technical Employees in Finland
- The final section and additional construction of the Kiinteistö Oy Länsikeskus office and commercial complex for Sponda Oyj in Olari, the property is used by Nokia Networks
- Kiinteistö Oy Itämerentori office and commercial complex in the Ruoholahti area of Helsinki; main owners: Sitra (the Finnish National Fund for Research and Development) and LEL Employment Pension Fund
- Kiinteistö Oy Itämerenkatu 5 in the Ruoholahti area of Helsinki
- Student residence in Leppäsuu, Helsinki, for HOAS, the Foundation for Student Housing in the Helsinki Region
- The refurbishing of a service home for the elderly in Töölö



Radisson SAS Plaza Hotel Helsinki was opened in July 1999.



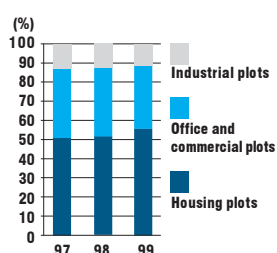
Kiinteistö Oy Itämerentori in the Ruoholahti area of Helsinki.

YIT CONSTRUCTION LTD

Significant business potential in YIT's portfolio of plots and properties

The paramount aim of YIT's property business is to achieve profitable business operations by creating the users and owners of buildings customer-oriented space solutions. Another aim is to increase the yield on YIT's property assets. The current demand for commercial and office premises in the Greater Helsinki area and other growth centres provides YIT's property business with an excellent opportunity to make good use of its portfolio of plots and properties which are included in the balance sheet. Off the balance sheet, YIT has a portfolio of properties and plots that will come under zoning and a considerable amount of completed potential development rights through various cooperation agreements.

Distribution of building rights (sq. m of floor area) according to usage purpose at Dec. 31



Investment properties as at 31 December 1999

Investment property	Floor area owned by YIT, sq. m.	Type of building	YIT's holding	Largest tenants	Net rental income %
Panuntie 11 Helsinki	12,029	Office, store	100%	YIT Corporation, Kesko Corporation	5.4
Kehä-Koskelo Espoo	8,806	Warehouse, office	51%	Fujitsu ICL Computers, ICL Data Oy	8.2
Kanta-Sarvis II * Tampere	4,952	Office	50%	Nokia Telecommunications Ltd	9.5
Kanta-Sarvis III * Tampere	1,875	Office	50%	Nokia Telecommunications Ltd	8.9
Total floor area	27,662				

Almost all investment properties have been sold

Investment properties are completely built and leased before they are sold to property investors. YIT's objective, in accordance with its strategy, is to dispose of the investment properties it owns. Investing in property over the long-term is not one of YIT's core businesses.

The occupancy rate of investment properties was 100% at the close of the year (100). Net rental income from the investment properties totalled EUR 3.2 million (5.4). The net rental income percentage was 6.6% (6.2).

During the year under review, a 20% share in the Länsi-Keskus property in Espoo, which had been retained in YIT's ownership after a real-estate deal in spring 1998, was sold to Sponda Oyj. In the latter part of the year, YIT made a preliminary agreement with OKOBANK concerning a property arrangement whereby, during the first half of 2000, OKOBANK will assume 100% ownership of properties Koy Kantasarvis II* and Koy Kantasarvis III* in the Hatanpää area of Tampere, which are jointly owned by YIT and OKOBANK.

Towards the end of the year, a decision was taken on a structural reorganization of the YIT Group. In connection with this decision, YIT Corporation's head office property

(Panuntie 11 and Panuntie 6) was retained as YIT Corporation's fixed assets and the last of the investment properties, Espoon Kehä-Koskelo, was transferred to the inventories of YIT Construction Ltd.

Development properties: upgraded to meet customers' needs

Development properties are mainly plots and sites that have not been fully built up and which can be developed into business premise solutions to meet the needs of users and investor customers.

Main development properties

The Tampella area, Tampere

Two market-financed highrise blocks were completed in the area and the construction of one highrise block was started. Almost all the flats have been sold. The area was owned by Exofennica Oy, which was merged with YIT Corporation during the report year. The construction of business premises continued in the report year with the refurbishing of premises for Radiolinja, a telecommunications company.

At the close of the year, YIT owned in the area about 145,000 square metres of zoned and unbuilt building rights as well as a renovatable property consisting of about

“The current demand for commercial and office premises in Finnish growth centres provides YIT with an excellent opportunity to make good use of its portfolio of plots and properties.”

8,000 square metres of floor area. The working group charged with making a proposal on the zoning objectives for the Ranta-Tampella area has decided on four proposals, in which the building rights to be zoned in the area range from 100,000 to 180,000 square metres of floor space.

The Sinimäki area, Espoo

During the report year, the shares outstanding in Koy Sinimäentie 8 were sold to the Tapiola Insurance Company in their entirety. The housing corporation included the Rank Xerox building and a plot measuring 31,000 square metres.

At the end of the year, YIT owned about 12,000 square metres of unbuilt floor area and about 68,000 square metres that are in the zoning process.

The Ruoholahti area, Helsinki

An extension to a metro station was completed in Ruoholahti, and it went primarily into the ownership and use of the Union of Technical Employees in Finland and the Helsinki Group of Parishes. A parking building for the use of its owners was seen to completion in the area. The construction work on the Itämerentori building is ongoing. When complete, it will be the area's landmark.

In central Ruoholahti, YIT started up construction works amounting to about 10,000 square metres of floor area on the plot it owned and then sold the property to LEL Employment Pension Fund. The total value of the projects that were in progress in the area during the year under review reached almost EUR 118 million.

The Airport area, Vantaa

This area has been partly built-up and is located near the Helsinki-Vantaa International Airport. During the review period, the zoning plan for the area was confirmed. The YIT Huber head office property, located in the area, was sold to Ilmarinen.

The old portfolio of buildings was refurbished and expanded, primarily at the expense of the main tenants KD-Tukku and Libri Logistic. At the close of the year, YIT owned in the area building rights for about 83,000 square metres of floor area, of which 15,000 square metres has been built up.

Other properties

Other properties consist of many different office, commercial and industrial premises, primarily in the country's growth centres. Net rental income from these properties totalled EUR 1.2 million (1.1). No major sales took place during the review period.



YIT Corporation's head office property is located next to the Käpylä Railway Station in Helsinki.



An extension to a metro station was completed in Ruoholahti.

Portfolio of plots and properties, 31 Dec. 1999

	Tied-up capital EUR million	Net rent EUR million	Floor area sq. m.	Building rights sq. m.	Prelim./ zoning possibility sq. m.
Housing units: completed and under construction	37.2				
Housing plots	94.2			529,677	393,513
Housing production, total	131.4			529,677	393,513
Under construction	17.6				
Investment properties	48.0	3.2	27,130		
Development properties	108.1	1.8	18,296	433,184	415,912
Other properties	31.7	1.2	32,202		
Property business, total	205.4	6.2	77,628	433,184	415,912
Properties held in fixed assets	15.8				
Total	352.7	6.2	77,628	962,861	809,425

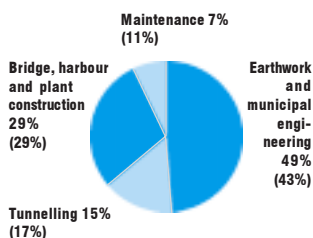
Of the tied-up capital, EUR 347.9 million (342.8) was stated in the Consolidated Balance Sheet at December 31, 1999, of which EUR 53.9 million (58.7) is included in fixed assets, EUR 150.9 million (194.6) in inventories, EUR 228.4 million (151.7) in receivables and EUR 85.3 million (62.2) in current liabilities. Off the balance sheet was EUR 4.8 million (31.9) of an external debt for companies that are held in fixed assets but are not consolidated. Property rental operations contributed EUR 4.7 million (6.2) to YIT Corporation's operating profit.

Civil Engineering

makes outlays on the development of strategic strengths

YIT Civil Engineering's field of operations encompasses the various sub-areas involved in civil engineering, from large-scale infrastructure projects to individual special projects and products. The division's products include earthwork, tunnelling, municipal engineering, regional construction, stabilization and other special ground engineering works as well as bridge, harbour and water treatment plant construction. Over the past few years, infrastructure maintenance and upkeep services have been added to the division's range of services.

Breakdown of net sales, 1999 (1998)



Net sales EUR 125.1 million (115.1)

Division balance sheet summary, EUR million

	1999	1998
Non-current assets	0.8	1.0
Inventories	4.0	2.5
Financial assets	41.1	43.6
Shareholders' equity	22.0	23.3
Obligatory reserves	0	0
Interest-bearing liabilities	0.4	1.0
Non-interest-bearing liabilities	23.5	22.8
Balance sheet total	45.9	47.1

Key indicators 1995 - 1999, EUR million

	1999	1998	1997	1996	1995
Net sales	125.1	115.1	123.6	140.3	117.9
Operating profit	2.5	-0.7	4.5	6.2	9.1
% share of net sales	1.9	-0.6	3.7	4.3	7.7
Return on investment, %	13.2	0.7	26.0		
Order backlog, Dec. 31.	43.0	57.9	44.6	60.4	45.8
Average personnel	759	709	743	886	777
Share of the Group's net sales accounted for by the division, %	10	10	13	16	18

The result rose into the black

YIT Civil Engineering's operating profit for 1999 was EUR 2.5 million (-0.7). Return on investment was 13.2% (0.7). In 1999, net sales grew by 9% to EUR 125.1 million (115.1).

The growth in net sales was especially strong in Finland, while net sales from international operations contracted in Sweden. The downward slide of earnings during the past three years was brought to a halt in 1999. Operating profit jumped into the black. Earnings were still burdened by the loss-making result of the Swedish subsidiary YIT Bygg AB, EUR 2.8 million. Earnings targets were exceeded in domestic operations. The risk profile of operations in Sweden was systematically reduced during the year now ended, such as by selling the company's business operations in the Gothenburg region to the Norwegian company Selmer ASA. At the turn of the year, the only project in progress in Sweden was the Svartviken bridge project, which is now in its final phase and will be seen to completion in summer 2000.

Brisk demand for earthwork and municipal engineering

The market situation for earthwork and municipal engineering was lively during the past

year and it is expected that demand will remain brisk in 2000 as well. In particular, earthwork related to building construction was on the rise. The demand situation for special works such as stabilization and piling was also good.

Good outlook for tunnelling

The market situation remained unchanged in tunnelling. YIT Civil Engineering retained its market leadership in spite of increased international competition. The division strengthened its position in technical construction work related to tunnelling and aims to improve its market share further. The share of operations accounted for by underground mining has risen significantly over the past few years.

Holding on to market positions in bridge, harbour and plant construction

In 1999, bridge building operations were active and YIT Civil Engineering retained its position as one of the country's major bridge builders. The division was especially competitive in the case of large and technically challenging sites. The division's first bridge-building project to Finnish National Road Administration will be carried out under the Design & Build project model. Design & Build projects enable the company to employ its extensive know-how and its own specialized equipment to offer the customer even more competitive solutions. The market situation in bridge building is expected to remain satisfactory in 2000. Towards the end of 1999, the Vuosaari Harbour project for the City of Helsinki was progressing at a fast rate and will most likely generate major new opportunities for harbour construction. In this respect, the market outlook is promising. The market situation for plant construction in Finland and the Baltic countries is expected to remain at the same level as in the previous year.

Waiting for the maintenance market to open

The division's latest product area is infrastructure maintenance. The market in Finland is valued at about FIM 7.5 billion. Main-

“It is expected that civil engineering will continue to rise in 2000 thanks to active housing construction and increasing industrial investments in Finland’s growth centres.”

tenance did not open up to competition to the desired extent during the report year. However, it is expected that this will occur during the next few years. During the report year, the division’s maintenance projects involved the first year of the Harjavalta maintenance project as part of the Finnish National Road Administration’s pilot projects and a regional project in Suutarila for the City of Helsinki.

Developing service culture and IT strategy

The main focus areas of development efforts in 1999 were the further development of the operating system, amplifying customer skills and the service culture, and employing information technology. During the report year, the environmental impacts of maintenance and earthwork were assessed and the development of environmental indicators continued ahead.

YIT Civil Engineering’s future IT needs were mapped out in 1999. The objective is to utilize IT more effectively, implement a new project management programme and train personnel. For the first time, the criteria of the Quality Award were used as tools in the planning and development of business operations.

Earnings prospects for 2000 are better than in 1999

It is expected that civil engineering will continue to rise in 2000 thanks to active housing construction and increasing industrial investments in the country’s growth centres.

YIT Civil Engineering’s net sales for 2000 are anticipated to remain at the previous year’s level in spite of the contraction of business operations in Sweden. Operating profit and return on investment are expected to be better than in 1999.

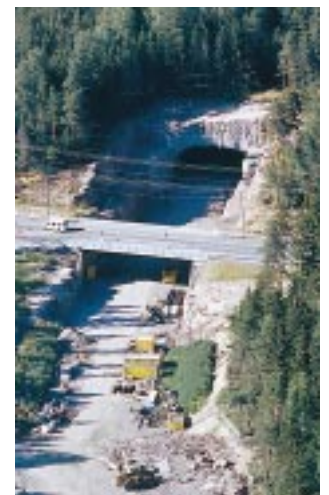


The most important projects in 1999

- The E4 highway contract between Kemi and Tornio, the Pappila pile slab works on the E18 highway and a natural gas border pipe in Räikkölä
- Finland’s longest traffic tunnel on Ring Road II, the Lauttasaari common use tunnel and a vertical shaft and shaft tower for the Pyhäsalmi mine
- The Tuomaansilta Bridge in Turku and the Vihantasalmi Bridge in Mäntyharju
- The Petäjäs Bulk Cargo Pier for the Port of Rauma and stage three of the Palokangas pier for the Port of Hamina
- The Suomenoja sludge dewatering plant in Espoo, the Cement Terminal in Kantvik and a water intake plant for Daugavpilis in Latvia, the construction of a power plant was started up in Anjalankoski
- A major breakthrough was made in the reinforcement piling of the foundations of old buildings for the City of Turku
- The Harjavalta regional maintenance project, maintenance and renovation of Helsinki’s urban gas network and the year-round maintenance project in the Alattikkurila and Suutarila area

The Vihantasalmi Bridge is the world’s largest wooden bridge meant for vehicle traffic. It is a truss framed bridge made of glued-laminated timber. It measures 182 metres and has five spans.

Finland’s longest traffic tunnel is constructed on Ring Road II, Espoo.



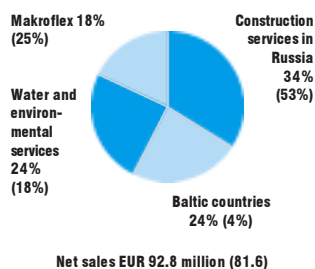
YIT CONSTRUCTION LTD

Ensuring profitability is a priority in

International Operations

The division offers design and implementation services for construction, infrastructure and industrial projects in Russia, the other CIS countries and the Baltic countries. Water and environmental services projects are carried out in Northern and Eastern Europe and in some countries in the Far and Middle East.

Breakdown of net sales, 1999 (1998)



Key indicators, 1995 - 1999, EUR million

	1999	1998	1997	1996	1995
Net sales	92.8	81.6	63.1	54.5	104.8
Operating profit	2.8	4.4	10.2	-1.5	-7.9
% share of net sales	3.0	5.4	16.2	-2.8	-7.5
Return on investment, %	10.9	16.4	37.4		
Order backlog, Dec. 31	39.7	39.5	38.9	22.2	30.6
Average personnel	1,871*	822	412	948	1,705
Share of the Group's net sales accounted for by the division, %	8	7	7	6	16

* of whom abroad: 1,665

Division balance sheet summary, EUR million

	1999	1998
Non-current assets	12.8	9.8
Inventories	5.7	3.9
Financial assets	27.3	26.0
Shareholders' equity	4.9	2.3
Obligatory reserves	0	0
Interest-bearing liabilities	22.8	30.5
Non-interest-bearing liabilities	18.1	6.9
Balance sheet total	45.8	39.7

YIT International Operations' net sales rose to EUR 92.8 million (81.6). The water and environmental services unit was transferred to YIT International Operations at the beginning of 1999. Operating profit contracted to EUR 2.8 million (4.4) due to the impact of the Russian economic crisis. The backlog of un-invoiced orders remained steady during the review period and was EUR 39.7 million (39.5) at the end of the year.

Operations grew significantly within the water and environmental services unit and the Baltic units, especially in Lithuania, where YIT's subsidiary AB Kausta assumed the mantle of Lithuania's largest contractor. Russian project operations and Makroflex's sales declined due to the economic crisis in Russia. Earnings were burdened by EUR 1.5 million in non-recurring measures employed to trim operations to match the prevailing business volume. Earnings were improved by the outcome of the negotiations of a panel of arbitrators in the dispute concerning the Sertolovo precasting factory, which had an effect on full-year earnings of about EUR 5 million.

The main thrust of development and training operations involved upgrading export applications of the YIT quality system, customers' product applications and customer-centred service.

No changes in the market situation for construction services in Russia

Following the economic crisis in 1998, demand in Russia has remained at a low level. The division's customers were major local and foreign investors. After the hike in the price of oil towards the end of the year, both Western and Russian oil companies were better prepared to make investments. The outlook for net sales in 2000 is at the same level as in the previous year.

Construction services are up in the Baltic countries thanks to AB Kausta

Demand remained at a low level in the Baltic region because the Russian economic crisis was reflected in investments made in the area. In Lithuania, YIT's subsidiary AB Kausta became the country's largest construction company. Kausta's operations were improved by aggressively scaling down its cost structure. In January 2000, the precast concrete business was sold to Addtek International Oy Ab because it was not one of the core businesses. In Latvia and Estonia, operations have been focused on water supply and waste water treatment projects. In these countries, the division will continue to expand its business presence. The outlook for the Baltic countries in 2000 is at the same level as last year.

Demand for water and environmental services remained good

The main focus of operations in water and environmental services was on the Baltic Rim, where demand was good thanks to internationally-funded projects. YIT continued to enjoy a strong position and good demand in the Baltic countries. In Sweden, the outlook is promising in the forest industry and solid waste treatment. The rise in the price of oil will probably lead to higher demand in Saudi Arabia. In 2000, water and environmental services are expected to grow compared with the previous year.

“Operations grew significantly within the water and environmental services unit and the Baltic units, where YIT’s subsidiary AB Kausta assumed the mantle of Lithuania’s largest contractor.”

Makroflex insulation materials hold on to their market position

Makroflex is a registered trademark used to market polyurethane insulation materials and sealants. Makroflex has production and marketing companies in Finland and Estonia and marketing units in Russia, Sweden and Poland. In 1999 Makroflex retained its market position in its main market areas. Sales grew significantly in Western Europe, proving that the products are competitive. Sales in 2000 are expected to remain stable in all market areas. New products and new, promising customer relations in countries such as Turkey and China strengthen the brand’s position.

Outlook for exports remains at the same level as last year

The outlook for the market in 2000 is as lean as it was during the report year. However, it has been generally forecast that in 2000 the economies of Russia and the Baltic countries will experience some degree of growth. The remaining programme of works in Russia and the Baltic countries does not include any significant risks that could affect YIT International Operations’ result.

The outlook for water and environmental services is good. It is expected that YIT International Operations’ net sales for 2000 will be at the previous year’s level. It is anticipated that operating profit and return on investment will improve on the previous year’s figures.



YIT performed the finishing works on baths of Kedrovij Log in Surgut, Russia.

The most important projects in 1999

- A business school in Moscow in association with the Japanese company Shimitsu
- Refurbishing of R.J.Reynolds’ tobacco factory and Neste service stations in St. Petersburg
- Refurbishing of Surgutneftegaz’s office premises and baths in western Siberia
- In Lithuania, Tamro’s pharmaceutical distribution factory, Kraft Jacobs Suchard’s potato crisp factory and the waste water treatment plant in Kaunas
- Waste water treatment plants in Espoo and Porvoo and numerous projects involving water and environment services for Finnish industry
- A waste water treatment plant in Riga, and the waterworks of Daugavapils and Liepaja in Latvia. Works on the Siauliai deferrization plant and the Kaunas pumping station in Lithuania
- The household waste sorting and digestion plant in Heljestorp, Sweden
- Five pumping stations in Wroclaw, Poland
- Machinery deliveries to the waste water treatment plants of Dawadmi and Sakaka in Saudi Arabia
- Deliveries of waterworks to Tam-Kyn and Thai-Binh in Vietnam
- Refurbishing of Barhiva sanatorium for Japanese Mitsui & Co. Ltd in Moscow region



In 1999, the Kaunas waste water treatment plant was selected as the construction project of the year in Lithuania.

Makroflex sales grew significantly in Western Europe.

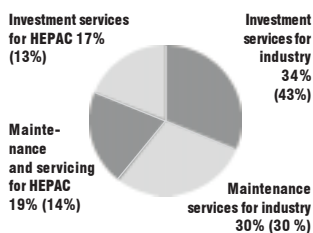


YIT HUBER LTD

The maintenance business already accounts for half of YIT Huber's net sales

YIT Huber's field of operations includes servicing, maintenance and capital investment services for industry as well as HEPAC and electrical operations. The company has foreign subsidiaries in Sweden, Norway, Russia and Estonia. In the field of capital investment services for industry, YIT Huber is the largest company in the Nordic countries in its own product areas, and when it comes to maintenance operations and HEPAC and electrical systems it is one of the major players in Finland.

**Breakdown of net sales,
1999 (1998)**



Net sales EUR 332.7 million (315.1)

**Division balance sheet summary,
EUR million**

	1999	1998
Non-current assets	16.7	27.6
Inventories	12.0	17.9
Financial assets	83.5	80.1
Shareholders' equity	43.1	39.1
Obligatory reserves	1.1	1.6
Interest-bearing liabilities	12.7	12.2
Non-interest-bearing liabilities	64.3	72.7
Balance sheet total	121.2	125.6

Key indicators 1995 - 1999, EUR million

	1999	1998	1997	1996	1995
Net sales	332.7	315.1	276.7	298.4	91.5
Operating profit	15.3	14.1	16.0	14.0	3.5
% share of net sales	4.6	4.5	5.8	4.7	3.9
Return on investment, %	31.1	33.6	38.9		
Order backlog, Dec. 31	110.3	109.7	100.6	89.5	29.6
Average personnel	3,727	3,380	3,202	3,344	1,199
Share of the Group's net sales accounted for by the division, %	27	27	29	34	14

YIT Huber's net sales rose to EUR 332.7 million (315.1) and its operating profit to EUR 15.3 million (14.1). Return on investment was 31.1% (33.6). The share of net sales accounted for by the maintenance business climbed to 49% (44), or over EUR 165 million (140). The result was good in the HEPAC business and maintenance for industry. Energy production and shipbuilding operations fared well considering the poor market situation. Also capital investment services for industry achieved a satisfactory result in spite of the poor business climate.

The value of international operations was EUR 61.3 million (55.7), representing 18.4% of net sales (17.7). Growth took place in Sweden and Norway.

The backlog of uninvoiced orders remained at the previous year's level and stood at EUR 110.3 million (109.7).

Significant growth in the HEPAC business

Net sales of the HEPAC (heating, plumbing and air-conditioning) and electricity and automation business grew significantly due to the good business climate prevailing in construction. Earnings developed favourably once again. Net sales were also increased by the acquisition of Sähkö-Soikkeli Oy in the Greater Helsinki area – this raises the share of electrical contracting – and the purchase of the business operations of LVI-Urakointi

Helge Ahokas Oy in Lappeenranta. The HEPAC business has now net sales of about EUR 130 million per year.

The volume of the property safety business grew buoyantly and profitability was good. The share of electronic monitoring systems increased in both fire detection and shell safety as the new Autronica and Telenor product families were launched.

The brisk construction of business premises and housing, along with the general need to increase property safety, create a good basis for growth in these areas of operations in the next few years, too.

Maintenance and servicing of HEPAC and electrical installations expands

Maintenance, servicing and renovation of HEPAC and electrical installations continued to grow, with particular growth in the ventilation, automation and electrical servicing businesses. The business of refurbishing and servicing HEPAC and electrical installations has expanded to cover 24 localities in Finland. The business volume was EUR 65 million (47.4) and the earnings trend was good. The general increase in disposable income and the fact that people are seeking to live more comfortably and use energy more efficiently continue to lay a good foundation for the development of operations.

After the end of the financial period, the shares outstanding in LVI-Marjamaa Oy were acquired in their entirety, thereby significantly strengthening the market share of the HEPAC business in the Oulu economic area.

New power for maintenance services for industry

YIT Huber's business volume in maintenance services for industry exceeded EUR 100 million and profitability remained good.

The founding of Scandinavian Mill Service Oy in the spring 1999 marked a major bridgehead in the development of maintenance services for the wood-processing industry. The project brings together

*The Rosenthal 2000 project for
Ahlstrom Machinery Oy in Germany.*



DYWIDAG

BRUNNEN & SPINNING



Differentiation of maintenance for the production plants of Osuuskunta Karjaportti in Mikkeli and Jyväskylä.

Sanomatalo Building, Helsinki: a heating and plumbing contract and a ventilation contract.



YIT's expertise in the differentiation of maintenance services and Metso's processing know-how in the wood processing industry. YIT owns 51% of the company and Metso owns 49%. The company has set up subsidiaries in Sweden and Norway.

After the end of the financial period, SPT-automaatio Oy was acquired to round out YIT Service's electrical automation business. YIT Service's net sales of electrical automation services total about EUR 17 million per year.

Capital investment services for industry are picking up

Investment operations in the forest, metal and chemical industries were at a low level in Finland, but export demand compensated for this somewhat. The business volume of these customer sectors declined by over a quarter, but earnings remained satisfactory.

As the demand for wood-processing products grows, investments are expected to increase and the volume and profitability of YIT Huber's capital investment services to rise.

Power plant construction recovering

The energy industry business contracted due to poor demand, but profitability remained satisfactory. After a quiet year, a recovery in power plant construction is on the horizon. Numerous wood-processing groups have already announced that they will modernize their product lines and power plants over the next few years. Growth in the need for electrical energy will most likely land the division other power plant projects in the near future. If Sweden stands behind its decision to close its nuclear power plants by 2010, power generation in Sweden will be stepped up by building new power plants that utilize materials such as new biofuels.

Reliable performance and ERP systems are the focus areas in development work

YIT Huber has answered the trend in the market by seeking new methods and forms of operating. The performance reliability project carried out in cooperation with VTT Technical Research Centre of Finland provides the company with ever greater opportunities to analyze and improve the reliability of production plant performance. From the viewpoint of maintenance, this means focusing on customers' processes to a greater

extent than before. A central tenet of operations is to generate added value for customers and to achieve higher productivity by harnessing the latest technologies.

The development of a new enterprise resource planning (ERP) system that was started in autumn 1998 continued throughout the entire financial year. The new Movex system was put into operation in November in services for the energy and shipbuilding industries. Following the implementation of the system, business operations were reorganized in accordance with business processes. It is believed that this will boost efficiency significantly and further improve the quality of customer service. During the present year, the implementation of Movex will continue at other industrial units.

Considerable effort was devoted to the development of ERP systems so as to upgrade the efficiency of HEPAC business functions. The IT development effort was started in autumn 1998 and continued during the financial year. The VISIO 3 system was successfully implemented. VISIO 3 improves opportunities to make outlays on efficient customer service, increase efficiency in administration and significantly expand the use of electronic communications when exchanging information with customers and subcontractors.

Almost all of the quality and environmental systems of YIT Huber Ltd's subsidiaries have been certified in accordance with the ISO 9001/2 and ISO 14001 standards.

On January 1, 2000, after the close of the financial period, YIT Huber's operations were incorporated in connection with the development of the YIT Group's organizational structure.

YIT Huber's outlook remains good

An increasing share of YIT Huber's business operations is accounted for by maintenance, while the share of capital investment services, which are more sensitive to business cycle fluctuations, is decreasing. There is a considerable market for maintenance for industry, with an estimated value of over FIM 18 billion. The bulk of this volume is still attended to by the maintenance departments of industrial plants. The trend seems to be that companies are concentrating on their core competence areas and are outsourcing those support functions that require special exper-

“Demand for capital investment services for industry is expected to rise significantly in 2000.”

tise and yield an increase in productivity once they have been outsourced. Maintenance is one of these functions. The growth of HEPAC and electrical operations is expected continue in step with the increase in building construction. Demand for capital investment services for industry is expected to rise significantly in YIT Huber's market starting in the latter half of 2000.

In 2000, YIT Huber's net sales and result are forecast to improve on the previous year. Return on investment is expected to remain at the previous year's level.

The most important projects in 1999

HEPAC, electrical and automation contracts

- Sanomatalo Building, Helsinki: including both a heating and plumbing contract and a ventilation contract
- An information centre for Kiinteistö Oy Viikki: HEPAC and electrical contract, automation and cooling
- Cooling device contract for the Aikatalo commercial and office building
- Hotel Kämp: sprinkler contract

Maintenance for industry

Partnership agreements:

- Maintenance for the production plants of Osuuskunta Karjaportti in Mikkeli and Jyväskylä
- Maintenance services for Valio Oy's ice cream factory and UHT factory in Turenki
- Renewal of numerous factory maintenance agreements with Valio
- Maintenance for Pyhännän Rakennustuote Oy and PRT Wood Oy
- Maintenance agreement with Neste service stations

Capital investment services for industry

- Rosenthal 2000 project for Ahlstrom Machinery Oy, Germany
- Troll II and Vestprosess projects for Statoil, Norway
- Pulp towers for Lang Papier, Germany
- A district heating accumulator and a 12,000 m³ oil tank for Kainuun Voima
- Numerous tanks for UPM-Kymmene, total 6,000 m³
- Piping systems for Kajaanin Voima Oy's standby boiler and top-pressure boiler plant in Kajaani



An information centre was completed at the Viikki campus of the University of Helsinki in summer 1999. The HEPAC works were carried out using the Design & Build principle.



A new partnership agreement on the development of maintenance with Pyhännän Rakennustuote Oy and PRT Wood Oy.

Administration

Supervisory Board



*Members of the Supervisory Board from the left:
Antti Tanskanen, Asmo Kalpala, Iiro Viinanen, Mikko Kivimäki, Ilkka Brotherus and E.J. Toivanen.*

Chairman of the Supervisory Board

Asmo Kalpala (49), M.Sc.(Econ.), Chairman of the Boards and CEO of the Tapiola Group. Chairman of the Supervisory Board of YIT Corporation and a member since 1990. Owns no YIT shares.

Vice Chairman

Iiro Viinanen (55), M.Sc.(Eng.), CEO of the Pohjola Group Insurance Corporation until February 1, 2000, Vice Chairman of the Board of Nokia Corporation, Vice Chairman of the Board of UPM-Kymmene Corporation. Member of the Supervisory Board of YIT Corporation since 1996 and Vice Chairman since 1998. Owns no YIT shares.

Members

Ilkka Brotherus (48), M.Sc.(Econ.), Managing Director of Sinituote Oy. Member of the Supervisory Board of YIT Corporation since 1998. Owns 305,400 YIT shares.

Mikko Kivimäki (61), LL.M., Chairman of the Board and Managing Director of Rautaruukki Corporation. Member of the Supervisory Board of YIT Corporation since 1990. Owns no YIT shares.

Antti Tanskanen (53), D.Sc.(Econ.), CEO of the OKOBANK Group, Chairman of the Executive Boards of the OKOBANK Group Central Cooperative and OKOBANK Osuuspankkien Keskuspankki Oyj. Member of the Supervisory Board of YIT Corporation since 1996. Owns no YIT shares.

E. J. Toivanen (72), LL.M., Chairman of the Board of Onvest Oy and Onninen Oy. Member of the Supervisory Board of YIT Corporation since 1994. Owns 94,500 YIT shares.

The task of the Supervisory Board has been to oversee the company's administration under the stewardship of its Board of Directors and President, to advise the Board of Directors in far-reaching matters that are important in principle, to appoint the members of the Board of Directors and determine their remuneration, to appoint a president for the company and decide on his salary and compensation, to convene meetings of shareholders and to put before the Annual General Meeting its statement on the annual accounts and the auditors' report as well as to take decisions in matters concerning a major contraction or expansion of the company's operations or an essential change in the company's organization.

According to the decision made by the Supervisory Board November 1, 1999, to the Annual General Meeting to be held March 6, 2000 will be proposed to amend the Articles of Association by dissolving YIT Corporation's Supervisory Board. In place of the present Board of Directors consisting of executive directors, it will be proposed that a new Board of Directors made up of non-executive directors be formed.

Board of Directors and Auditors

Chairman of the Board of Directors

Reino Hanhinen (56), M.Sc.(Eng.), President and CEO of YIT Corporation since 1987, with the Group since 1968. Member of the Board of Directors of YIT Corporation since 1987 and Chairman since 1989. Owns 33,692 YIT shares.

Vice Chairman

Esko Mäkelä (56), M.Sc.(Eng.), MBA, Executive Vice President of YIT Corporation since 1987, with the Group since 1965, in charge of YIT Corporation's administration and finance. Member of the Board of Directors of YIT Corporation since 1988 and Vice Chairman since 1989. Owns 16,050 YIT shares.

Members

Ilpo Jalasjoki (48), M.Sc.(Eng.), Senior Vice President, Head of YIT Building Construction, with the Group since 1987. Member of the Board of Directors of YIT Corporation since 1999. Owns no YIT shares.

Jouko Ketola (54), M.Sc.(Eng.), Senior Vice President, Head of YIT Huber (as from January 1, 2000, President of YIT Huber Ltd), with the Group since 1986. Member of the Board of Directors of YIT Corporation since 1996. Owns 2,000 YIT shares.

Juhani Kuusisto (51), M.Sc.(Eng.), Senior Vice President, Head of YIT Civil Engineering, with the Group since 1976. Member of the Board of Directors of YIT Corporation since 1998. Owns no YIT shares.

Raimo Lahtinen (53), M.Sc.(Eng.), Senior Vice President, Head of YIT Property Services, with the Group since 1969. Member of the Board of Directors of YIT Corporation since 1996. Owns 1,000 YIT shares.

Mikko Rekola (54), M.Sc.(Eng.), Senior Vice President, Head of YIT International Operations, with the Group since 1970. Member of the Board of Directors of YIT Corporation since 1996. Owns 9,542 YIT shares.

Auditors

Pekka Nikula (55), M.Sc.(Econ.), Authorized Public Accountant, Deputy auditor during the years 1988 - 1993, auditor since 1994. Owns no YIT shares.

SVH Pricewaterhouse Coopers Oy, Public Accountants, with **Kimmo Rautvuori** (44) M.Sc.(Econ.), Authorized Public Accountant, acting as responsible auditor. Owns no YIT shares.

Deputy auditor

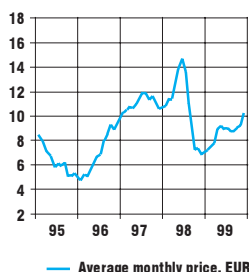
Seppo Tervo (37), M.Sc.(Econ.), Authorized Public Accountant, Deputy auditor since 1999. Owns no YIT shares.

Members of the Board of Directors from the left: Esko Mäkelä, Juhani Kuusisto, Reino Hanhinen, Ilpo Jalasjoki, Jouko Ketola, Raimo Lahtinen and Mikko Rekola.

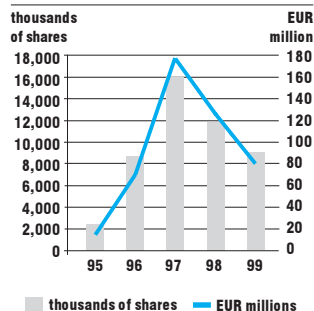


Information on YIT's shares

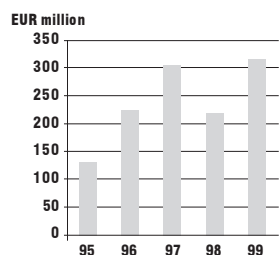
Price trend of YIT's share 1995 - 1999



Turnover in the YIT share 1995 - 1999



Market capitalization at December 31



Shares and share capital

YIT Corporation's share is quoted on the Main List of Helsinki Exchanges. The company has one series of shares and all the shares carry one vote and an equal right to a dividend. The nominal value of the share is 2 euros. The size of a trading lot is 200 shares. The shares are registered in the electronic book-entry system.

According to the Articles of Association, YIT Corporation's minimum share capital is EUR 50 million and the maximum share capital is EUR 200 million. Within these limits the share capital can be increased or decreased without amending the Articles of Association.

Increases in share capital, 1995 - 1999

Registration date	New shares no.	New number of shares	Share capital increase, EUR	New share capital, EUR
Sept. 27, 1995	3,664	24,422,662	6,162	41,075,968
Apr. 3, 1997	4,880,000	29,302,662	8,207,571	49,283,539
Nov. 5, 1998	35,000	29,337,662	58,866	49,342,405
March 12, 1999	-	29,337,662	9,332,919	58,675,324
May 11, 1999	12,500	29,350,162	25,000	58,700,324
Nov. 12, 1999	33,523	29,383,685	67,046	58,767,370

The share capital increase in 1995 was a provision for the payment of merger consideration to the shareholders of YIT-Kiinteistöt Oy. In 1997 a share issue was organized in which institutional investors were offered for subscription 4,080,000 and retail investors 700,000 shares at a subscription price of EUR 10.26 per share. The Group's employees were offered for subscription 100,000 shares at a subscription price of EUR 9.42 per share. The issue was subscribed in full. The 1998 increase in the share capital was connected with the subscriptions made on the basis of the 1994 issue of bonds with warrants.

By a resolution of the Annual General Meeting on March 8, 1999, the share capital was raised to EUR 58,675,324 by increasing the nominal value of the share, then at 1.68 euros, to 2 euros through a bonus issue. The other share capital increases in 1999 are connected with the 1994 issue of bonds with warrants. The bonds fell due on November 1, 1999.

Authorizations of the Board of Directors to increase the share capital

At the end of 1999 the Board of Directors did not have valid share issue authorizations or authorizations to issue convertible bonds or bonds with warrants.

Own shares

The Annual General Meeting held on March 8, 1999, resolved to use distributable shareholders' equity to purchase a minimum of 200,000 and a maximum of 1,000,000 YIT Corporation shares (treasury shares) on Helsinki Exchanges. Since the maximum number of these shares and the maximum number of votes they confer falls below 5% of the company's total number of shares and votes, the purchase is not considered to have a material impact on the distribution of share ownership and voting rights within the company.

On the basis of the resolution, YIT Corporation purchased from March 18 to December 31, 1999, a total of 486,300 of its own shares. The aggregate purchase price of the shares was EUR 4,219,479 and they represented a nominal value of EUR 972,600. The shares represented a proportion of 1.7% of the share capital and the total voting rights conferred by all the shares at the end of the financial year. Subsidiaries did not own shares in the parent company at the end of the financial year.



“The share price trend of YIT’s share and the latest trading data can also be seen on the company’s home pages at the address www.yit.fi.”

Share price trend and market capitalization

YIT’s share price at the beginning of 1999 was EUR 7.40 and at the end of the year it was EUR 10.90. The average price during the year was EUR 8.77. The high during the year was EUR 11.00 and the low was EUR 6.50. The taxation value of the share for 1999 is EUR 7.31.

Turnover of YIT shares on Helsinki Exchanges during 1999 was 9.1 million shares. The aggregate value of the shares traded was EUR 79.5 million. The average share turnover during a trading day was EUR 317,000.

YIT Corporation’s market capitalization at the end of 1999 was EUR 315.0 million, an increase of 48 per cent since the beginning of the year.

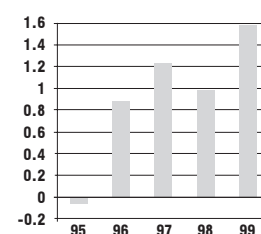
The share price trend of YIT’s share and the latest trading data can also be seen on the company’s home pages at the address www.yit.fi.

Per-share key figures 1995 - 1999

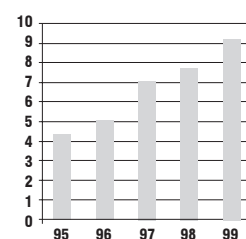
	1999	1998	1997	1996	1995
Earnings/share (EPS), EUR	1.59	0.98	1.23	0.88	-0.05
Equity/share, EUR	9.25	7.69	7.06	5.06	4.30
Dividend/share, EUR	0.60*	0.42	0.34	0.25	0.08
Dividend/earnings, %	37.7	43.0	27.4	28.8	neg.
Effective dividend yield, %	5.5	5.7	3.3	2.8	1.6
Price/earnings multiple (P/E)	6.9	7.6	8.4	10.3	neg.
Share price trend					
Average price, EUR	8.77	10.76	11.06	8.03	6.44
Low, EUR	6.50	6.56	9.25	4.37	4.71
High, EUR	11.00	16.15	12.19	9.92	8.91
Price at Dec. 31, EUR	10.90	7.40	10.34	9.07	5.21
Market capitalization at Dec. 31, EUR million					
	315.0	217.1	303.1	221.4	127.3
Share turnover trend					
Share turnover, 1,000 shares	9,066	11,831	16,006	8,726	2,360
Share turnover as % of shares outstanding	31.4	40.4	57.1	35.7	9.7
Weighted average number of shares outstanding, adjusted for share issues, thousands					
	28,871	29,308	28,042	24,423	24,421
Number of shares outstanding, adjusted for share issues at Dec. 31, thousands					
	28,897	29,338	29,303	24,423	24,423

*) Proposal of the Board of Directors

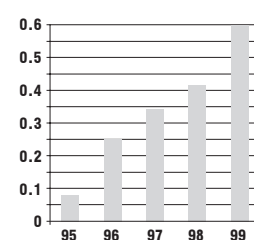
Earnings/share, EUR



Equity/share, EUR



Dividend/share, EUR



Information on YIT's shareholders

Principal shareholders at December 31, 1999

			Number of shares	Percentage of equity and voting rights
Tapiola Insurance Group				
TapiolaGeneral Mutual Insurance Company	4,036,930	13.7		
Tapiola Mutual Life Assurance Company	1,169,800	4.0		
Tapiola Mutual Pension Insurance Company	352,000	1.2		
Tapiola Corporate Life Insurance Company	177,215	0.6	5,735,945	19.5
Pohjola Group				
Pohjola Non-Life Insurance Company Ltd	2,199,567	7.5		
Pohjola Life Assurance Company Ltd	980,000	3.3		
Pohjola Group Insurance Corporation	530,433	1.8	3,710,000	12.6
Rautaruukki				
Rautaruukki Corporation	3,012,000	10.3		
Rautaruukki Workers' Pension Foundation	61,900	0.2		
Rautaruukki Officials' Pension Foundation	30,100	0.1	3,104,000	10.6
OKOBANK Group				
OKOBANK Osuuspankkien Keskuspankki Oyj	853,000	2.9		
OKOBANK Group Pension Foundation	305,300	1.0		
OKOBANK Group Pension Fund	247,100	0.9		
Aurum Life Assurance Company Ltd	100,000	0.3		
OKOBANK Group Research Foundation	20,000	0.1	1,525,400	5.2
Ilmarinen Mutual Pension Insurance Company			1,195,800	4.1
Mutual Life Insurance Company Suomi			888,970	3.0
Local Government Pensions Institution			750,000	2.6
Sampo Group				
Sampo Life Insurance Company Ltd	410,800	1.4		
Sampo Enterprise Insurance Company Ltd	200,000	0.7		
Sampo Insurance Company Ltd	50,000	0.2	660,800	2.3
YIT Corporation			486,300	1.7
LEL Employment Pension Fund			470,600	1.6
Nominee-registered				
Merita Bank Plc	1,901,961	6.5		
Other registrations	173,200	0.6	2,075,161	7.1
Other shareholders, total			8,780,709	29.7
Total			29,383,685	100.0

The number of registered shareholders at the end of 1999 was 3,322. Each nominee-registrar (five nominees) is included in this figure as a single registered shareholder. An updated list of the 30 largest shareholders can be seen on YIT's home pages at the address www.yit.fi.

Distribution by groups of shareholders at December 31, 1999

	Number of shareholders	Holding, %	Shares, total	Proportion of shares, %
Private companies	317	9.6	5,469,889	18.6
Financial and insurance institutions	66	2.0	16,290,903	55.5
Public sector entities	38	1.1	3,886,750	13.2
Non-profit institutions	114	3.4	944,468	3.2
Households	2,768	83.3	2,492,055	8.5
Foreign owners	19	0.6	297,600	1.0
Not converted to book-entries			2,020	0.0
Total	3,322	100.0	29,383,685	100.0

Distribution of shareholdings by size class at December 31, 1999

	Number of shareholders	Holding, %	Shares, total	Proportion of shares, %
1 - 100	779	23.4	44,851	0.2
101 - 1,000	1,818	54.7	799,970	2.7
1,001 - 10,000	574	17.3	1,740,879	5.9
10,001 - 100,000	120	3.6	3,861,279	13.1
100,001 - 1,000,000	25	0.8	9,418,628	32.1
1,000,001 -	6	0.2	13,516,058	46.0
Not converted to book-entries			2,020	0.0
Total	3,322	100.0	29,383,685	100.0

1998 share options

Under the terms of the 1998 share options, about 150 persons belonging to Group management and among the key employees have the right to subscribe for a total of 1.2 million YIT shares, on the basis of which the share capital can be increased by a maximum of EUR 2.4 million. If the subscription rights are exercised in full, the shares that could have been subscribed for on the basis of these share options would have corresponded to 4.1% of the total number of the company's shares outstanding at December 31, 1999.

Options/ type	Number	Shares/ option	Per-share subscription price, EUR	Share capital, EUR millions	Subscription periods	Last day of subscription
A	600,000	1/1	12.78	1.2	20.3.-30.11.01	30.11.03
			minimum		20.3.-30.11.02	
			11.77*)		20.3.-30.11.03	
B	600,000	1/1	13.79	1.2	15.10.-30.11.02	30.11.03
			minimum		20.3.-30.11.03	
			12.45*)			

*) The subscription price of the share will be lowered after January 1, 1999, by the amount of the per-share dividend to be distributed by the commencement of the subscription period for the shares.

Management's share ownership

At December 31, 1999, the members of YIT Corporation's Supervisory Board and Board of Directors as well as the President and the Executive Vice President owned a total of 467,984 shares, corresponding to 1.6% of the company's shares and the votes conferred by them. In addition, the share options they own under the 1998 options correspond to 20% of the total amount of share options. On the basis of these share options they can subscribe for a maximum of 240,000 shares, which at December 31, 1999, would have corresponded to 0.8% of the company's total number of shares outstanding.

Management's share ownership is presented in detail on pages 38 - 39.

Insiders

On January 17, 2000, the Board of Directors of YIT Corporation decided that the company will place in use as from March 1, 2000, new insider guidelines which follow the rules and regulations of the Guidelines for Insiders approved by the Board of Directors of Helsinki Exchanges on October 28, 1999. The YIT Group has about 80 permanent insiders. The insiders, who are designated on the basis of their positions and duties, are principally the Management Groups of the divisions, persons in charge of personnel affairs, legal affairs, accounting, finance and communications as well as the secretaries to senior management.

The company maintains its insider register within Finnish Central Securities Depository Ltd's SIRE system, which permits the shareholdings of permanent insiders to be viewed.

Dividend payout policy

In connection with the Group's strategy review in August 1998, the goal was set of paying a dividend of 30 - 50% of the annual net profit after taxes and minority interests.

	1999	1998	1997	1996	1995
Dividend/share, EUR	0.60**)	0.42	0.34	0.25	0.08
Dividend/per-share earnings, %	37.7	43.0	27.4	28.8	neg.
Dividends paid, EUR million	17.6**)	12.4	9.9	6.2	2.1

***) proposal of the Board of Directors



Stock exchange release summary for 1999

Jan. 17, YIT acquired a majority holding in AB Kausta

YIT purchased 65.6% of the shares in AB Kausta, one of Lithuania's leading construction companies. By way of this acquisition, YIT strengthened its position in the Baltic market and the Russian market as well. AB Kausta had total net sales in 1998 of EUR 16.8 million.

Jan. 22, A new way of buying YIT apartments

In its developer housing construction, YIT went over to a new home purchase scheme, in which at the moment of concluding the deal the buyer pays 15% of the price of the apartment and the remainder when the buyer moves in.

Febr. 12, Results for 1998

Net sales grew by 24% and were EUR 1,166 million. Operating profit was EUR 54.5 million and profit before extraordinary items EUR 46.0 million. The proposed dividend was EUR 0.42 per share.

Febr. 19, YIT sold its shares in PPTH Steel Ltd

YIT cut its holdings in PPTH Steel Ltd from 60% to 19%. As a result of the deal, YIT recorded EUR 14.8 million in capital gains in extraordinary items. With this deal, YIT continued its strategy to concentrate on its core business areas.

Febr. 22, YIT sold a property in Espoo to the Tapiola Group

YIT Corporation sold the property Kiinteistö Oy Sinimäentie 8 to the Tapiola Group. The debt-free purchase price was EUR 19.7 million, resulting in EUR 9.3 million in capital gains.

March 8, Decisions taken by Annual General Meeting

The Annual General Meeting adopted the 1998 financial statements and discharged from liability the persons responsible for the accounts. The company's share capital was changed in connection with the introduction of the euro. The share capital shall be a minimum of EUR 50 million and a maximum of EUR 200 million. Each share shall have a nominal value of two euros. In addition, the Annual General Meeting decided to purchase a minimum of 200,000 or a maximum of 1,000,000 of the company's own shares.

March 19, YIT Building Construction divided into two business divisions

The YIT Group's largest business division, YIT Building Construction, was divided into two business divisions. Raimo Lahtinen, M.Sc. (Eng.) was appointed to head YIT Property Services and Ilpo Jalasjoki, M.Sc. (Eng.) was appointed to head YIT Building Construction.

May 6, YIT purchased Kiinteistöpalvelu Rapido

YIT purchased Kiinteistöpalvelu Rapido Oy, which is a company specialized in the maintenance and upkeep of properties and dwellings in the Greater Helsinki area. The seller was the Foundation for Student Housing in the Helsinki Region (HOAS). The company had net sales in 1998 of EUR 9.6 million and a payroll of about 100 employees.

June 8, Interim Report January 1 - April 30, 1999

Net sales grew by 4%, profit before extraordinary items remained at the previous year's level and profit after extraordinary items grew by 102% compared with the corresponding period a year earlier.

June 29, YIT purchased Optum Kiinteistöpalvelut

YIT purchased the property management company Optum Kiinteistöpalvelut Oy from the OKOBANK Group. The company had net sales in 1998 of EUR 2.9 million and a payroll of 33 employees. YIT strengthened further its service chain in YIT Property Services.

Aug. 2, YIT Bygg sold the operations of its Gothenburg unit to Selmer

YIT Corporation's subsidiary YIT Bygg AB sold the operations of its Gothenburg unit to Selmer ASA of Norway. This sale was in line with the objective of lowering the risk portfolio of YIT's operations in Sweden. The value of the agreements to be transferred was about SEK 50 million.

Oct. 6, Interim Report January 1 - August 31, 1999

Net sales grew by 5%, profit before extraordinary items increased by 13% and profit after extraordinary items 71% from the previous year's level.

Nov. 1, YIT renews its Group structure as from January 1, 2000

The Supervisory Board took a decision in principle on the development of YIT's Group structure by organizing the Group's business operations into two subsidiaries to be formed: YIT Construction Ltd and YIT Huber Ltd. Group administration and joined services will be concentrated in the parent company, YIT Corporation.

Dec. 31, Transformation of the Group structure confirmed

The legal documents related to the transfer of business operations were signed December 31, 1999 and the transformation became into force as from January 1, 2000.

Stock Exchange Bulletins can be seen on the web site at www.yit.fi.

Information for shareholders

Annual General Meeting

The Annual General Meeting of YIT Corporation will be held on Monday, March 6, 2000, at 2 p.m. at the company's head office, Panuntie 11, Helsinki. The business to be dealt with at the meeting is presented in the official notice of meeting in the newspapers *Helsingin Sanomat* and *Kauppalehti*, February 17, 2000 and on YIT's home pages at the address www.yit.fi. The right to participate in the meeting rests with a shareholder who by March 1, 2000, at the latest has been entered as a shareholder in the company's shareholder register that is kept by Finnish Central Securities Depository Ltd.

Shareholders who wish to participate in the Annual General Meeting and to cast their votes must notify the company thereof no later than by March 2, 2000, during office hours from Monday to Friday, from 8 a.m. to 4 p.m. by phone to Pirkko Pesonen, tel. int'l: +358 20 433 2453 or Liisa Norberg, tel. int'l: +358 20 433 2257. Registrations for attendance can also be made by e-mail at pirkko.pesonen@yit.fi or liisa.nordberg@yit.fi or in writing at the address YIT Corporation, Marja Salo, P.O.Box 36, FIN-00621 Helsinki, Finland. It is requested that any proxies be submitted, before the expiry of the registration period, at the above address.

Dividend payout

The Board of Directors is proposing that a dividend of EUR 0.60 per share be paid for the 1999 financial year. The right to receive a dividend rests with a shareholder who on the record date, March 9, 2000, has been entered as a shareholder in the company's shareholder register which is kept by Finnish Central Securities Depository Ltd. The Board of Directors will propose to the Annual General Meeting that the dividend payout be made on March 16, 2000.

Financial information

YIT Corporation will publish the following financial reviews in 2000:

Financial statement bulletin 1999	February 11, 2000
Annual Report 1999	Week 8/2000 in Finnish Week 10/2000 in English and in Swedish
Interim Report for Jan.-April 2000	June 6, 2000
Interim Report for Jan.-Aug. 2000	October 5, 2000

The financial reviews will be published in Finnish, English and Swedish. They can be ordered at the address YIT Corporation, Publication Service, P.O.Box 36, FIN-00621 Helsinki, Finland, fax int'l: +358 20 433 3700 or via e-mail postit@yit.fi.

The Annual Report, Interim Reports and most important bulletins will also appear on YIT's home pages at the address www.yit.fi. The above publications can also be ordered via the Internet.

Share Register

Shareholders are requested to make notification of changes in their name and address to the bank branch office in which their book-entry account is handled. If the account is handled at Finnish Central Securities Depository Ltd, changes should be notified to the address Finnish Central Securities Depository Ltd, P.O.Box 1260, FIN-00101 Helsinki, Finland.

Investment research

At least the following analysts can provide more information about YIT Corporation as an investment

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YIT has over 100 company sites in Finland and over 20 abroad. The addresses and contact information of all our company sites can be found at our web site.
The address is www.yit.fi.



www.yit.fi

YIT Group's Financial Statements 1999

Report of the Board of Directors	1
Consolidated and parent company income statements	5
Consolidated and parent company balance sheets	6
Statements of changes in financial position	8
Notes to the financial statements	9
Board of Directors' proposal for the distribution of profit	19
Auditors' report	19
Statement by the Supervisory Board	19

Report of the Board of Directors, January 1 - December 31, 1999

The Group's earnings increased significantly, dividend yield growing

Profit before extraordinary items increased by 20% to EUR 55.2 million (EUR 46.0 million in 1998). Profit after extraordinary items rose to EUR 73.7 million (45.8). The effect on earnings of the steel structure business is EUR 14.7 million, of which EUR 14.3 million are capital gains included in extraordinary items. Return on investment grew to 15.5% (13.7). Earnings per share rose to EUR 1.59 (0.98) and equity per share to EUR 9.25 (7.69). The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.60 be paid per share (0.42).

The YIT Group's net sales increased to EUR 1,222.1 million (1,167.7 million). The Group's backlog of orders – i.e., the value of work not recognized as income – was EUR 477.5 million (411.7) at the beginning of the year and 479.1 million at year's end, of which the order backlog for international operations accounted for EUR 46.8 million (89.3).

Good progress towards the financial targets

During a review of the Group's strategy in August 1998, the following targets for financial indicators were confirmed: 10-15% for the average annual growth in net sales, 18% for return on investment and 45% for the equity ratio. The target for the dividend payout was increased to 30-50% of the net profit for the year after taxes and minority interests.

For the most part, good progress has been made towards attaining these targets. The situation for 1999 and 1998 is as follows: return on investment, 15.5% (13.7), equity ratio, 41.6% (37.3), and dividend on earnings per share (the Board of Directors' proposal to the Annual General Meeting) 37.7% (43.0). In percentage terms, the growth in net sales only reached 4.7% (24.1) last year, mainly due to the sale of the steel structure business at the beginning of 1999.

The good market situation increases demand for YIT's services

The good market situation was especially evident in construction. The population shift was the driving force behind demand, which was extremely energetic in the construction of residential and business premises and in HEPAC (heating, plumbing and air-conditioning) and electrical services in the country's growth centres. Investments by industry have been at a low level for many years and this was yet again evident in the low volume of YIT Huber's capital investment services business in 1999. On the other hand, demand for maintenance services for industry continued in line with expectations.

The divisions enjoy a good earnings trend

At the end of 1999, the YIT Group's divisions were YIT Building Construction, YIT Property Services, YIT Civil Engineering and YIT International Operations, which are engaged in construction and related value added services, and YIT Huber, which focuses on capital investment and maintenance services for industry as well as HEPAC and electrical services. The YIT Building Construction and YIT Property Services divisions were set up in March 1999 by splitting the former YIT Building Construction into two divisions. For these two divisions, the figures for the comparison year, 1998, are given on a pro forma basis. The subsidiary PPTH Steel Ltd, which formed YIT Steel Construction division, was sold in March 1999.

The earnings trends of the divisions were at a good level. YIT Building Construction's operating profit rose significantly, hitting EUR 28.1 million (18.8). YIT Property Services' operating profit amounted to EUR 17.4 million (19.2). Earnings were lower due to the decline in property rental income following the large-scale sales of properties. YIT Civil Engineering's operating result rose to a clearly positive figure, EUR 2.5 million (-0.7). The result included EUR -2.8 million (-5.7) in losses on civil engineering operations in Sweden. Currently only the bridge-building project in Svartviken is ongoing, and it will be finished in summer 2000. YIT International Operations' operating profit fell to EUR 2.8 million (4.4). The cost structure of YIT

International Operations' Russian and Baltic functions has been downsized to correspond to the market situation. YIT Huber continued to enjoy a stable earnings trend and its operating profit rose to EUR 15.3 million (14.1). On the whole, the YIT Group's racked up good earnings, EUR 55.2 million (46.0) before extraordinary items.

YIT Building Construction's net sales grew to EUR 497.9 million (402.8), YIT Huber's to EUR 332.7 million (315.1) and YIT Civil Engineering's to 125.1 million (115.1). YIT International Operations' net sales rose to 92.8 million (81.6). The net sales of YIT Property Services declined to EUR 165.4 million (201.5) mainly due to large property sales that occurred in 1998, the comparison year.

Improvement in the Group's financial position

The Group's financial position improved. The equity ratio grew from 37.3% to 41.6%. The Group's amount of interest-bearing liabilities declined to EUR 140.7 million (173.1) at the end of the financial year. The amount of net debt declined to EUR 117.1 million (157.5). Net financial expenses fell to EUR 7.1 million (8.5), representing 0.6% of net sales (0.7). The growth in the Group's working capital following the increase in developer contracting was controlled by selling part of the construction-stage contract receivables to financing companies. The total of sold receivables was EUR 48.2 million (27.8) at the end of the year and the interest paid on them to the financing companies, EUR 0.7 million (0.2), is included in net financial expenses. Liquid assets at the close of the year amounted to EUR 23.6 million (15.6).

The proportion of fixed-interest loans in the Group's loan portfolio was 87% (64). Loans raised directly on the market amounted to 42% (52).

Using acquisitions to implement strategy

The Group's strategy aims to manage the service chain over the entire life cycle of investments in property, industry and infrastructure. In the past few years, maintenance and servicing capabilities in particular have been strengthened in the aforementioned sectors. The objective is to impart both stability and growth to the Group's business operations. All in all, the share of the Group's net sales accounted for by the maintenance business rose to 19.8% (16.4), and totalled EUR 242.5 million.

In May 1999, the property servicing and maintenance business was strengthened significantly when YIT Corporation purchased the shares outstanding in Kiinteistöpalvelu Rapido Oy, which is specialized in the maintenance and upkeep of properties and dwellings in the Greater Helsinki area. The seller was the Foundation for Student Housing in the Helsinki Region (HOAS). The company had net sales in 1998 of about EUR 9.5 million and a payroll of about 100 employees. Rapido was made part of YIT Property Services and later its name was changed to YIT Rapido Property Management Services Ltd.

In June 1999, YIT Corporation expanded its property servicing and maintenance business further by purchasing the entire shares outstanding in the property management company Optum Kiinteistöpalvelut Oy from the OKOBANK Group Central Cooperative. The company had net sales in 1998 of EUR 2.9 million and a payroll of 33 employees. Optum was made part of the YIT Property Services Division and later its name was changed to YIT Facility Management Oy.

The founding of Scandinavian Mill Service Oy in the spring 1999 together with the Metso Group marked a major bridge-

head in the development of maintenance services for the wood-processing industry. The project brings together YIT's expertise in the differentiation of maintenance services and Metso's processing know-how in the wood processing industry. YIT owns 51% of the company and Metso owns 49%. The company has set up subsidiaries in Sweden and Norway, and it is part of the YIT Huber Division.

In March, YIT Huber continued to augment its HEPAC and electrical operations with electrical contracting and automation technology by acquiring Sähkö-Soikkeli Oy and the business operations of LVI-Urakointi Helge Ahokas Oy. Their combined net sales were about EUR 6 million in 1998.

In January 1999, YIT consolidated its position in the Baltic and Russian markets by acquiring 65.6% of the shares outstanding in AB Kausta, one of Lithuania's leading construction companies. The net sales of AB Kausta and its subsidiaries amounted to EUR 16.8 million in 1998.

A strategically important divestment was the sale of the company's majority holding in PPTH Steel Ltd in March. YIT Steel Construction's operations were organized into the subsidiary PPTH Steel Ltd, in which YIT Corporation owned 60% of the shares before this deal. This deal was a further step in YIT's goal of moving away from industrial manufacture and assuming a clearer corporate profile as a service company for construction and industry. YIT Corporation remains a minority shareholder in the company with a 19% stake.

At the beginning of August, YIT Bygg AB sold the business operations of its Göteborg unit to the Norwegian company Selmer ASA. This deal is in line with the business policy of lowering the risk profile of YIT's operations in Sweden.

Capital expenditures on fixed assets total EUR 35.6 million

Gross capital expenditures on fixed assets totalled EUR 35.6 million (35.9), representing 2.9% (3.1) of net sales. Investments in information technology amounted to EUR 6.7 million (7.1), investments in construction equipment EUR 7.1 million (7.2), production investments EUR 9.2 million (6.1) and other investments in fixed assets EUR 12.6 million (15.5).

Development operations continue apace; a significant first in employee training

The Group's payroll rose last year, mainly due to acquisitions. In 1999 the Group employed an average of 8,721 people (7,340), of whom 2,881 (2,958) worked for the parent company. The number of personnel was 7,536 at the beginning of the financial period and 8,282 at the end.

Management by results is the Group's chosen mode of operations. The majority of the salaried employees are covered by an incentive scheme. The size of the bonuses that are paid depends not only on the financial results of the entire Group, division and the unit for which each employee works, but also on the realization of personal key results. About 150 of the Group's key employees have share options under the 1998 share option programme.

In line with YIT's core values and the Group-level key results derived from them, the development areas that have been considered important for YIT employees have not been limited to actual basic vocational skills. They also include quality, customer service and preparedness to cooperate. Last year, development operations continued actively in the these subareas. Customer satisfaction surveys were carried out in the divisions and were utilized in customer service training. Other focus areas of training were managerial skills,

“In the past few years, maintenance and servicing capabilities in particular have been strengthened. The objective is to impart both stability and growth to the Group’s business operations.”

foreign languages, information technology, safety and hot-work.

In October 1999, YIT made a cooperation agreement with the Siikaranta Institute, which is owned by the Finnish Construction Trade Union, and in so doing made a even nationally significant breakthrough in the development of education leading to a vocational degree in personnel training. The aim is to create a system for the development of work site personnel for YIT that is not only comprehensive, but also the best in the field. The practical implementation of cooperation has got off to a brisk start.

In the different divisions, work went ahead on developing and supplementing operational and quality systems and also on the certification process for those parts of the quality systems that have not yet obtained certification. Preparation of environmental programmes continued within the different divisions with the objective of obtaining certification according to the ISO 14 001 standard. The first environmental certificate was obtained by YIT Service Ltd in 1999.

In 1999, the Group’s financial outlays on the development of personnel and operational systems amounted to about EUR 8.4 million (6.7), which represents around 0.7% (0.6) of net sales.

Transparency through the development of the Group structure

In March 1999, the Group’s largest division, YIT Building Construction, was split into two divisions bearing the names YIT Building Construction and YIT Property Services.

As from the beginning of 2000, the YIT Group’s business operations were organized, in line with a policy decision taken by the Supervisory Board in November, into two newly-established subsidiaries that are wholly-owned by YIT Corporation: YIT Construction Ltd and YIT Huber Ltd.

YIT Construction Ltd comprises YIT Building Construction, YIT Property Services, YIT Civil Engineering and YIT International Operations. YIT Huber Ltd comprises YIT Corporation’s YIT Huber Division. Group administration and joint services will remain within the parent company, YIT Corporation, which is a listed company.

The objective of the structural reorganization is to improve the transparency of the Group’s financial information. In addition, the change seeks to provide a clearer Group service structure and a corporate image that reflects a reduced dependence on business cycle fluctuations and the Group’s configuration as a construction, installation and maintenance service organization that has expanded into new growth areas. The new structure also creates an improved basis for developing the Group’s services.

Reino Hanhinen, president and CEO of YIT Corporation, is also the president of YIT Construction Ltd. The president of YIT Huber Ltd is Jouko Ketola, M.Sc.(Eng.).

In connection with the reshaping of the corporate structure, it will be proposed to the Annual General Meeting, which will be held on March 6, 2000, that the Articles of Association be amended to the effect that the company’s Supervisory Board will be dissolved. In place of the present

Board of Directors consisting of executive directors, it will be proposed that a new Board of Directors made up of non-executive directors be formed. The Group’s line operations and planning will be coordinated by setting up a Group Management Board.

Rationalization through mergers of subsidiaries

Over the past few years, YIT Huber has been especially active in acquiring numerous small companies that have then been merged into their parent companies to rationalize operations. During the financial year, the subsidiaries Putki-Neliö Oy and Nysän Sähkö ja Valasin Oy were merged into Putkiura Oy, which was in turn merged into its parent company Länsitekno Oy. Helsingin Talotekniikka Oy merged with its parent company Huber Talotekniikka Oy, as did YIT Corporation’s subsidiary Sähkö-Soikkeli Oy. YIT-Huber Pohjolan Tehdaspalvelu Oy, VPT-Putki Oy and Asennus Luttinen Oy were merged into YIT-Huber Industry Ltd, and its name was changed to YIT Industry Ltd. Ilmastointi Kuitinen Oy merged with its parent company Huber Servitek Oy. Exofennica Oy, which was recorded in YIT Corporation’s inventories, merged with its parent company.

As the year drew to a close, the merger of YIT Facility Management Oy with YIT Rapido Property Management Services Ltd was about to be consummated. The subsidiary VSP i Göteborg AB was wound up during the report period. At the end of the year, the winding down of the subsidiaries Oulun Ykär Oy and Länsi-Pohjolan Asennus Oy was in the pipeline.

The turn of the millennium did not cause IT problems

The modernization and review of production control systems, the wage and salary calculation system, and computer hardware and software that was carried out in order to avoid Y2K problems with information technology progressed according to plans during the report period. The turn of the millennium did not cause problems with the YIT Group’s information systems or the business operations of the company itself or its customers.

YIT’s shares and shareholders

YIT Corporation’s share capital was EUR 49,342,405 at the beginning of the year and the number of shares was 29,337,662. At the Annual General Meeting held on March 8, 1999, the Articles of Association were amended to the effect that the minimum share capital shall be EUR 50 million and the maximum share capital EUR 200 million. At the same time, the share capital was raised to EUR 58,675,324 in such a way that the nominal value of shares was increased from EUR 1.68 to EUR 2 by means of a bonus issue. At the end of the year, the share capital amounted to EUR 58,767, 370 and the number of shares outstanding was 29,383,685.

The number of registered shareholders was 3,510 (3,368) at the beginning of the year and 3,322 at the end. According to the figures for nominee registrations, foreigners’ holdings

in the company were 12.1% (19.0) at the beginning of the year and 7.1% at the end.

The dividend paid for the 1998 financial year was EUR 0.42 per share (EUR 0.34 in 1997), or a total of EUR 12.4 million (9.9). The dividend represented 43.0% (27.4) of earnings per share.

The average share price during the financial year was EUR 8.77 (EUR 10.76 in 1998), with a high of EUR 11.00 (16.15) and a low of EUR 6.50 (6.56). At the end of the financial year, the share price was EUR 10.90 (7.40). Full-year share turnover amounted to EUR 79.5 million (127.3), with 9,066,171 being traded (11,831,491).

YIT Corporation's market capitalization at the beginning of the year 1999 was EUR 217.1 million (303.1) and it was EUR 315.0 million at the end.

Share buyback

The Annual General Meeting held on March 8, 1999, resolved that a minimum of 200,000 and a maximum of 1,000,000 of the company's own shares (share buyback) be purchased with distributable shareholders' equity on Helsinki Exchanges. The maximum number of the shares and the votes they confer is less than 5% of the company's entire shares outstanding and votes, and thus the purchase is not considered to have a significant effect on the distribution of shareholdings and voting rights in the company.

On the basis of this decision, YIT Corporation purchased a total of 486,300 of its own shares during the period from March 18 to December 31, 1999. The total purchase price of these shares was EUR 4,219,479 and they have a nominal value of EUR 972,600. In proportionate terms, these shares accounted for 1.7% of the share capital at the end of the financial year and the total number of votes conferred by all shares. Subsidiaries did not possess shares in the parent company at the end of the financial year.

Share options and authorizations to issue shares and bonds

The loan period of the 1994 issue of bonds with warrants came to an end on November 1, 1999. During the financial year, a total of 46,023 shares was subscribed for. On the basis of these shares the share capital was increased by a total of EUR 92,046, representing 0.2% of the company's share capital at the end of the financial year.

The 1998 share options entitle 150 key employees to subscribe for a total of 1.2 million shares. On the basis of these share options, shares can be subscribed for during the period from March 20, 2001, to November 30, 2003.

At the end of the financial year, the Board of Directors did not have any valid authorizations to issue shares, convertible bonds or bond loans with warrants.

The Supervisory Board, the Board of Directors and auditors

The Annual General Meeting held on March 8, 1999, re-elected as members of the Supervisory Board Asmo Kalpala, CEO of the Tapiola Group, and Iiro Viinanen, CEO of the Pohjola Group, both of whom were due to resign. The other members of the Supervisory Board are Ilkka Brotherus, M.Sc. (Econ.), Mikko Kivimäki, LL.M., Antti Tanskanen, D.Sc.(Econ.), and E.J. Toivanen, LL.M. At its meeting held on April 15, 1999, the Supervisory Board re-elected Asmo Kalpala as its chairman and Iiro Viinanen as its vice chairman.

Matti Haapala, M.Sc. (Eng.), resigned from the Board of Directors on March 8, 1999. The Supervisory Board elected Ilpo Jalasjoki, M.Sc. (Eng.), senior vice president of the YIT Building Construction Division, as a new member of the Board of Directors. Jouko Ketola and Juhani Kuusisto, who are both senior vice presidents in charge of divisions and were due to resign, were re-elected. Pentti Hannonen, M.Sc. (Eng.), who was due to resign, left his position on the Board. The Board of Directors consists of President and CEO Reino Hanhinen (chairman), Executive Vice President Esko Mäkelä (vice chairman) and Ilpo Jalasjoki, Jouko Ketola, Juhani Kuusisto, Raimo Lahtinen and Mikko Rekola, all of whom are senior vice presidents in charge of divisions.

The Annual General Meeting re-elected as the company's auditors Pekka Nikula, M.Sc.(Econ.), Authorized Public Accountant, and SVH Pricewaterhouse Coopers Oy, which appointed Kimmo Rautvuori, M.Sc.(Econ.), Authorized Public Accountant, to act as the company's responsible auditor. Seppo Tervo M.Sc. (Econ.), Authorized Public Accountant, was elected as deputy auditor.

Events since the end of 1999

YIT Corporation's Lithuanian subsidiary AB Kausta sold its prefabricated component business to Libetek UAB's Addtek International Ltd on January 14, 2000. The net sales of the prefabricated component production business amounted to EUR 1.9 million in 1999 and it employed 108 people.

YIT Huber Ltd acquired SPT-automaatio Oy on January 18, 2000, thereby continuing its strategic outlays on electrical automation know-how. SPT-automaatio Oy is one of Finland's major process automation contractors. It has net sales of about EUR 4 million and a payroll of 55. Its business operations will be integrated into YIT Service Ltd's operations. Following the deal, YIT Service Ltd's net sales of electrical automation will rise to about EUR 17 million.

Huber Servitek Oy acquired LVI-Marjamaa Oy, which is based in northern Finland, on February 4, 2000. It has net sales of over EUR 5 million and a payroll of 55. The company's headquarters are in Oulu.

YIT released on February 7, 2000 the decision that all its market-financed residential production will be wired up for fast and fixed Internet access. The decision applies to all sites that are in the planning stage in all of Finland.

The outlook for 2000 is good

Favourable economic trends are expected to continue in Finland. This supports the positive development of YIT's main business functions, both in terms of earnings and net sales.

The growth in YIT's net sales is bolstered by the still active demand for housing and business premises in the country's growth centres – this has been stimulated by the growth of technology companies – and by the strong demand for HEPAC and electrical services, the surge in investments by industry and the growth in the market for industrial, property and infrastructure maintenance due to the trend in outsourcing.

We expect that the YIT Group's net profit before extraordinary items for 2000 will increase on the previous year. We also expect growth in the Group's net sales.

INCOME STATEMENTS (EUR thousands)

	Note	CONSOLIDATED		PARENT COMPANY	
		1999	1998	1999	1998
Net sales	1	1,222,078	1,167,717	776,942	705,966
Variation in inventories of finished goods and work in progress		-9,020	-3,774	-1,737	1,900
Production for own use		823	2,123	13	261
Share of profits of associated companies		334	564		
Other operating income	2	4,739	1,775	3,442	3,916
Materials and services	3	741,402	730,971	538,688	516,380
Personnel expenses	4	255,071	245,533	100,314	94,238
Depreciation and write-downs	5	18,594	17,453	4,120	3,331
Other operating expenses		141,652	119,934	101,697	70,053
		1,156,719	1,113,891	744,819	684,002
Operating profit	6	62,235	54,514	33,841	28,041
Financial income and expenses	7	-7,060	-8,470	-3,438	-3,496
Profit before extraordinary items		55,175	46,044	30,403	24,545
Extraordinary items	8	18,507	-194	32,676	12,692
Profit before taxes		73,682	45,850	63,079	37,237
Appropriations	9			-470	-1,019
Direct taxes	10	-12,154	-14,469	-10,304	-9,941
Minority interest		-830	-2,949		
Profit for the financial year		60,698	28,432	52,305	26,277

BALANCE SHEETS (EUR thousands)

	Note	CONSOLIDATED		PARENT COMPANY	
		1999	1998	1999	1998
ASSETS					
Non-current assets					
Intangible assets	11				
Intangible rights		1,715	1,214	142	142
Goodwill		691	917	376	518
Other long-term expenditure		5,836	3,291	5,216	2,875
		8,242	5,422	5,734	3,535
Goodwill on consolidation		12,323	12,117		
Tangible assets	11				
Land		14,116	14,931	1,394	1,394
Buildings and structures		29,911	36,342	1,397	1,533
Plant and machinery		32,756	35,448	9,592	8,422
Other tangible assets		646	864	362	400
Advance payments and construction in progress		892	475	368	458
		78,321	88,060	13,113	12,207
Long-term investments	12, 23				
Shares in Group companies				47,704	41,651
Shares in associated companies		1,788	2,025	2,039	2,274
Other shares and participations		4,547	6,366	3,112	2,730
Own shares		4,219		4,219	
Other investments		5,086	5,391	30,317	31,415
		15,640	13,782	87,391	78,070
Non-current assets, total		114,526	119,381	106,238	93,812
Current assets					
Inventories					
Materials and supplies		6,428	5,105	283	343
Work in progress	21	32,714	38,010	22,650	21,307
Other inventories	13	135,191	178,110	126,855	164,960
Advance payments		1,064	925	3	642
		175,397	222,150	149,791	187,252
Receivables	14				
Deferred tax assets		4,694			
Trade receivables		140,471	144,157	87,840	88,286
Loan receivables		169,928	128,954	196,705	164,635
Other receivables		4,044	3,237	21,391	5,840
Prepaid expenses and accrued income		70,052	43,783	52,568	40,767
		389,189	320,131	358,504	299,528
Short-term investments	15	13,404	5,126	12,514	4,513
Cash and cash equivalents		10,165	10,472	4,079	3,637
Current assets, total		588,155	557,879	524,888	494,930
Assets, total		702,681	677,260	631,126	588,742



BALANCE SHEETS (EUR thousands)

	Note	CONSOLIDATED		PARENT COMPANY	
		1999	1998	1999	1998
LIABILITIES					
Shareholders' equity					
	16				
Share capital		58,767	49,342	58,767	49,342
Share premium account		53,492	247	53,492	247
Reserve for own shares		4,219		4,219	
Reserve fund		496	62,699		62,267
Retained earnings		93,814	84,896	95,254	85,532
Profit for the financial year		60,698	28,432	52,305	26,277
Shareholders' equity, total		271,486	225,616	264,037	223,665
Minority interest		6,727	11,081		
Accumulated appropriations	17			1,508	1,038
Obligatory reserves	18	6,661	3,240	5,525	1,817
Liabilities					
Deferred tax liabilities	19	1,628	2,930		
Long-term liabilities					
	19				
Bonds and notes		58,866	58,866	58,866	58,866
Loans from financial institutions		25,728	30,489	54,059	53,002
Pension loans		43,352	45,142	43,327	44,870
Other long-term liabilities		434	295	117	117
		128,380	134,792	156,369	156,855
Current liabilities					
	20				
Issues of bonds with warrants and convertible bonds		3	4	3	4
Loans from financial institutions		8,352	7,209	7,209	6,600
Pension loans		5,676	4,852	5,676	4,835
Advances received	21	43,712	42,439	24,979	21,046
Debts to building fund		82,323	67,155	79,851	61,960
Trade payables		34,970	38,049	18,852	23,279
Other current liabilities		28,317	49,644	17,228	42,932
Accrued expenses and prepaid income		84,446	90,249	49,889	44,711
		287,799	299,601	203,687	205,367
Liabilities, total		417,807	437,323	360,056	362,222
Shareholders' equity and liabilities, total		702,681	677,260	631,126	588,742

STATEMENT OF CHANGES IN FINANCIAL POSITION (EUR thousands)

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
Cash flow from operations				
Profit before extraordinary items	55,175	46,044	30,403	24,545
Adjustments:				
Depreciation according to plan	18,594	17,453	4,120	3,331
Other income and expenses, not involving disbursements	3,238	1,987	3,708	787
Gains on the sale of tangible and intangible assets	-801	-424	-635	-221
Financial income and expenses	7,060	8,470	3,438	3,496
Extraordinary income and expenses		-194		-2,118
Cash flow before change in working capital	83,266	73,336	41,034	29,820
Change in working capital				
Change in short-term non-interest-bearing trade receivables	-23,390	-26,346	-27,087	-17,826
Change in inventories	46,573	-4,694	37,461	5,858
Change in short-term non-interest-bearing liabilities	12,436	29,144	28,936	27,294
Cash flow from operations before financial items and taxes	118,885	71,440	80,344	45,146
Interests paid and other financial expenses	-8,217	-9,172	-8,780	-9,124
Dividends received	409	138	2,282	3,515
Interest received and other financial income	1,881	1,497	2,845	2,276
Taxes paid	-10,326	-14,521	-7,211	-11,588
Cash flow from operations	102,632	49,382	69,480	30,225
Cash flow into and from capital expenditures				
Capital expenditures on tangible and intangible assets	-33,807	-32,310	-7,343	-14,329
Gains on the sale of tangible and intangible assets	17,981	392	753	16,525
Portfolio investments	-624	-3,040	-11,334	-10,232
Capital gains on investments	15,274	1,147	19,976	444
Fixed assets transferred in merger				-263
Shares eliminated in merger				3,037
Cash flow into and from capital expenditures	-1,176	-33,811	2,052	-4,818
Cash flow from and into financing				
Rights issue	403	306	403	306
Purchase of own shares	-4,219		-4,219	
Change in loan receivables	-40,974	6,228	-32,070	-17,176
Change in short-term loans	-29,228	-24,445	-29,190	-24,584
Long-term loans drawn down	15,461	106,158	18,777	102,456
Repayments of long-term loans	-21,873	-96,515	-19,264	-94,016
Dividends paid	-13,055	-11,810	-12,335	-9,857
Group contributions received			14,809	15,758
Cash flow from and into financing	-93,485	-20,078	-63,089	-27,113
Change in liquid funds	7,971	-4,507	8,443	-1,706
Liquid funds at Jan. 1	15,598	20,105	8,150	9,856
Liquid funds at Dec. 31	23,569	15,598	16,593	8,150

Accounting policy

YIT Corporation (Trade Register number 89.623) is the parent company of the YIT Group. The company is domiciled in Helsinki. Copies of the consolidated financial statements are available at the address YIT Corporation, Panuntie 11, 00620 Helsinki.

CONSOLIDATION

Extent of the consolidated financial statements

The consolidated financial statements include the parent company YIT Corporation and all principal Group and associated companies included in long-term investments. PPTH Steel Ltd is consolidated into the Group until the date of sale.

Intra-Group transactions and margins

The revenue and expenses between Group companies have been eliminated in the consolidation, as have internal margins and the distribution of profit, intercompany receivables and liabilities as well as intercompany share ownership.

Intercompany share ownership

The acquisition cost method has been used in eliminating cross-ownership of shares. In practice this means that the purchase price of the shares in subsidiaries has been eliminated against their balance sheet equity at the moment of acquisition. In carrying out the elimination, the Group goodwill arising as the difference between subsidiaries' acquisition value and the balance sheet values has been entered in the Consolidated Balance Sheet as goodwill. The goodwill items arising before 1995 have been amortized according to a 10 per cent straight-line schedule. The goodwill arising after 1995 has been amortized over 5 and 7 year periods.

Minority interests

The shares of minority interest shareholders in the equity, depreciation difference and net profit of subsidiaries is shown as a separate item on the liabilities side of the Consolidated Balance Sheet and in the Consolidated Income Statement.

Associated companies

The financial statement data of associated companies has been consolidated using the equity method. The Group's minority interests in the aggregate results of associated companies are shown as a separate item in the income statement.

FIXED ASSETS AND DEPRECIATION

The balance sheet values of fixed assets are based on the original purchase price less depreciation according to plan and write-downs.

In the income statement, depreciation is calculated as planned depreciation - i.e., based on the economic life of the assets. The depreciation periods are as follows:

Buildings	5 - 40 years
Plant and machinery	3 - 10 years
Other fixed assets	4 - 40 years

INVENTORIES

Inventories have been valued at the direct purchase cost or the probable market cost, whichever is lower. In valuing real-estate properties held in inventories, the available market information and the level of the yield on the properties have been taken into account.

The use of materials and supplies has been booked according to the FIFO principle.

CHANGE IN INVENTORIES

The change in the Group's inventories cannot be derived from the balance sheets due to changes that have taken place in the Group structure.

RECORDING OF INCOME FROM PROJECTS

Income from construction projects has been recorded according to the degree of completion. The degree of completion is calculated on the basis of the costs realized according to the physical degree of completion and the total cost estimate. The margin on so-called developer contracting projects has been recognized as income on the basis of the degree of completion or the degree of sale of the shares in a condominium or property, whichever is lower. The forecast loss on loss-making projects included in the backlog of orders has been booked to expense in its entirety.

According to the principle of conservatism, in the YIT Huber Division, projects less than EUR 0.1 million have as a rule not been partially credited to earnings.

ITEMS DENOMINATED IN FOREIGN CURRENCY

Receivables and liabilities in foreign currency have been valued at the exchange rate on the last day of the year. The part of loan receivables and liabilities covered by forward contracts has been valued according to the exchange rates of the contracts.

In carrying out the consolidation, the financial statements of foreign subsidiaries have been translated into euros at the average exchange rate quoted by the Bank of Finland on the balance sheet date. The net translation difference arising therefrom has been credited to non-restricted shareholders' equity.

PENSION ARRANGEMENTS

Pension security for the employees of Group companies has mainly been covered through policies with external pension insurance companies. The pension liability is shown in the balance sheet under longer-term liabilities.

According to an agreement signed in November 1998, the YIT Corporation Pension Fund was dissolved on July 1, 1999, and its liabilities and commitments were transferred to Tapiola Corporate Life Insurance Company. At the time of the transfer the fund provided coverage for 190 pension beneficiaries and 180 persons who were in employment.

APPROPRIATIONS

In the financial statements of individual companies, depreciation in excess of or under plan is stated as part of the net profit for the financial year less the deferred tax liability.

In the consolidated financial statements, the accumulated difference between planned and total depreciation is divided between the deferred tax liability and non-restricted equity. The deferred tax liability has been calculated according to the tax base for the next year, which is 29%.

DIRECT TAXES

The taxes estimated on the results of Group companies for the year are entered in the consolidated income statement, as are adjustments to taxes for previous financial years and imputed deferred taxes. Imputed deferred taxes and tax claims are calculated on the periodization differences between the taxation calculations and the financial statements, applying the tax rate - currently 29% - that has been confirmed for the following years at the balance sheet date.

COMPARABILITY

The previous year's income statement and balance sheet data have been altered to correspond to the breakdown for the past financial year.

MANAGEMENT OF FINANCIAL RISKS

The financial risks connected with the YIT Group's business operations consist of foreign exchange, interest rate and liquidity risks.

Foreign exchange risk

The objective of managing foreign exchange risk across YIT's units is to hedge earnings generated by operations against foreign exchange risks. The Group's net exposure is hedged against foreign exchange risks by means of loans, deposits and derivative instruments. The derivative instruments used are forward exchange contracts, swaps and options.

The divisions hedge against foreign exchange risks by making internal agreements with the parent company's Finance Department. The Finance Department calculates the Group's net exposure and makes hedging contracts outside the Group.

The position to be hedged includes contractual accounts receivable and accounts payable as well as assets and liabilities denominated in foreign currency.

Interest rate risk

The management of interest rate risk across YIT's units is centralized within the parent company's Finance Department. The fundamental premise in managing interest rate risk is to minimize the interest rate risk affecting the balance sheet. Interest-bearing loans are allocated to the corresponding financed asset items in a way that minimizes the interest rate risk.

The interest rate risk connected with interest-bearing loans is regulated by changing the composition of the loan portfolio either by undertaking actual loan operations or through derivatives. The derivative instruments used are swaps and forward rate agreements (futures).

Liquidity risk

The parent company's Finance Department handles the YIT Group's asset management funding on a centralized basis. YIT's internal debt relationships exist directly between the Group's parent company and the subsidiaries.

The Group's liquidity management is based on the financial budget (annual budget and rolling forecasts for each four-month period) as well as on short-term, up-to-date cash funds planning.

The tools used in liquidity management are Group bank accounts with an overdraft, financing credit facilities and commercial paper programs. Deposits will not be used as a liquidity buffer until the Group's equity ratio exceeds the strategic target limit (45%).

NOTES TO THE FINANCIAL STATEMENTS

DEFINITIONS OF FINANCIAL INDICATORS

Return on investment (%) =	$\frac{\text{Profit before extraordinary items and taxes} + \text{interest expenses and other financial expenses}}{\text{Balance sheet total} - \text{non-interest-bearing liabilities (average for the period)}} \times 100$
Return on equity (%) =	$\frac{\text{Profit before extraordinary items} - \text{taxes}}{\text{Shareholders' equity} - \text{own shares} + \text{minority interest (average for the period)}} \times 100$
Equity ratio (%) =	$\frac{\text{Shareholders' equity} - \text{own shares} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}} \times 100$
Quick ratio =	$\frac{\text{Financial assets}}{\text{Current liabilities} - \text{advances received}}$
Gearing ratio (%) =	$\frac{\text{Interest-bearing liabilities} - \text{liquid financial assets}}{\text{Shareholders' equity} - \text{own shares} + \text{minority interest}} \times 100$
Share issue-adjusted earnings per share (EUR) =	$\frac{\text{Profit before extraordinary items} - \text{taxes} \pm \text{minority interest from profit/loss for the period}}{\text{Share issue-adjusted average number of outstanding shares during the period}}$
Equity per share (EUR) =	$\frac{\text{Shareholders' equity} - \text{own shares}}{\text{Share issue-adjusted number of outstanding shares at the end of the period}}$
Share issue-adjusted dividend per share (EUR) =	$\frac{\text{Dividend for the period per share}}{\text{Adjustment ratios of share issues during the period and afterwards}}$
Dividend per earnings (%) =	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Effective dividend yield (%) =	$\frac{\text{Share issue-adjusted dividend per share}}{\text{Share issue-adjusted share price as of December 31}} \times 100$
Price/earnings multiple (P/E) =	$\frac{\text{Share issue-adjusted share price at the end of the period}}{\text{Share issue-adjusted earnings per share}}$
Market capitalization =	Number of shares - own shares x share price as of December 31 by share types
Share turnover (%) =	$\frac{\text{Shares traded (number of shares)}}{\text{Total number of outstanding shares (average during the period)}} \times 100$

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

NOTES TO THE INCOME STATEMENTS	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
1. NET SALES				
Net sales by division				
YIT Building Construction	497,884	402,825	456,768	363,525
YIT Property Services	165,360	201,435	157,407	191,744
YIT Huber	332,686	315,126		119
YIT Civil Engineering	125,132	115,081	117,146	97,791
YIT International Operations	92,842	81,634	45,621	48,524
YIT Steel Construction	19,755	65,427		
Other items	-11,581	-13,811		4,263
Total	1,222,078	1,167,717	776,942	705,966
Net sales include:				
Sales of company-built condominium shares	133,568	137,070	122,281	127,335
Net sales by market area				
Finland	1,056,804	967,728	733,994	645,371
Nordic countries	69,625	88,085	2,570	12,072
Russia	39,500	72,300	24,652	40,196
Baltic countries	38,200	15,000	7,199	1,682
Other Europe	1,019	14,864	3,770	2,104
Asia	4,871	9,421	3,700	4,541
Africa	1,008	319	1,008	
North America	51		49	
Total	1,222,078	1,167,717	776,942	705,966
2. OTHER OPERATING INCOME				
Profit on sales of fixed assets	841	481	610	275
Other	3,898	1,294	2,832	3,641
Total	4,739	1,775	3,442	3,916
3. MATERIALS AND SERVICES				
Materials and supplies				
Purchases during the period	402,503	440,548	272,700	288,698
Variation in inventories	42,768	1,368	36,903	10,320
	445,271	441,916	309,603	299,018
External services	296,131	289,055	229,085	217,362
Total	741,402	730,971	538,688	516,380
4. DATA ON THE PERSONNEL AND MEMBERS OF ADMINISTRATIVE BODIES				
Personnel expenses				
Wages and salaries	196,538	191,715	78,319	73,501
Pension expenses	29,836	29,139	11,494	11,459
Other social security expenses	28,697	24,679	10,501	9,278
Total	255,071	245,533	100,314	94,238
Managements' salaries and remuneration				
Presidents and Executive Vice Presidents	2,114	1,621	452	506
Members of Supervisory Board	37	32	37	32
Members of Board of Directors	7	57		
Total	2,158	1,710	489	538

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
Personnel, average numbers by division				
YIT Building Construction	1,457	1,421		
YIT Property Services	517	370		
YIT Huber	3,727	3,380		
YIT Civil Engineering	759	709		
YIT International Operations	1,871	822		
YIT Steel Construction	113	377		
Others	277	261		
Total	8,721	7,340		
Personnel at year-end	8,262	7,536		
Pension commitments to members of the Board of Directors and Presidents				
The President and six members of the Board of Directors of the parent company are entitled to retire at the age of 60. The presidents of other Group companies retire at the statutory age.				
5. DEPRECIATION AND WRITE-DOWNS				
Depreciation on tangible and intangible assets	12,914	14,139	4,120	3,331
Amortization of goodwill	5,680	3,314		
Total	18,594	17,453	4,120	3,331
6. OPERATING PROFIT BY DIVISION				
YIT Building Construction	28,098	18,760		
YIT Property Services	17,354	19,200		
YIT Huber	15,279	14,130		
YIT Civil Engineering	2,448	-659		
YIT International Operations	2,832	4,429		
YIT Steel Construction	725	4,893		
Other items	-4,501	-6,239		
Total	62,235	54,514		
7. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From Group companies			2,761	4,180
From associated companies			151	563
From others	409	138	405	138
Total	409	138	3,317	4,881
Interest income on non-current investments				
From Group companies			1,350	206
From others	305	437	258	437
Total	305	437	1,608	643
Other interest and financial income				
From Group companies			668	555
From others	1,576	1,060	847	998
Total	1,576	1,060	1,515	1,553
Write-downs on investments				
Revaluation on non-current investments	444		444	
Write-downs on non-current investments	-186			
Total	258		444	

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

	CONSOLIDATED		PARENT COMPANY			CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998		1999	1998	1999	1998
Interest and other financial expenses					Goodwill				
To Group companies			-1,147	-968	Acquisition cost at Jan. 1	2,909	2,847	1,062	1,062
To others	-9,608	-10,105	-9,175	-9,605	Increases	123	85		
Total	-9,608	-10,105	-10,322	-10,573	Decreases		23		
					Acquisition cost at Dec. 31	3,032	2,909	1,062	1,062
Financial income and expenses, total	-7,060	-8,470	-3,438	-3,496	Accumulated depreciation and write-downs at Jan. 1	1,992	1,661	544	402
					Depreciation for the financial year	349	331	142	142
Financial income and expenses include foreign exchange differences, net	520	-964	364	-838	Accumulated depreciation and write-downs at Dec. 31	2,341	1,992	686	544
					Book value at Dec. 31	691	917	376	518
8. EXTRAORDINARY ITEMS					Other long-term expenditure				
Extraordinary income					Acquisition cost at Jan. 1	6,353	4,132	5,699	3,804
Gains on sale of non-current assets	14,282		13,300	315	Increases	3,537	2,686	3,302	2,354
Group contributions			19,376	14,810	Transfers from another asset group	88			
Gains on merger and winding up		39		65	Decreases	6	52		50
Deferred taxes	4,225			22	Transfers to another asset group		413		409
Others		45		22	Acquisition cost at Dec. 31	9,972	6,353	9,001	5,699
Total	18,507	84	32,676	15,212	Accumulated depreciation and write-downs at Jan. 1	3,062	2,414	2,824	2,173
					Depreciation for the financial year	1,074	648	961	651
Extraordinary expenses					Accumulated depreciation and write-downs at Dec. 31	4,136	3,062	3,785	2,824
Losses on merger and winding up		-175		-2,434	Book value at Dec. 31	5,836	3,291	5,216	2,875
Others		-103		-86	Intangible assets, total	8,242	5,422	5,734	3,535
Total		-278		-2,520	Goodwill on consolidation				
					Acquisition cost at Jan. 1	30,254	26,402		
Extraordinary items, total	18,507	-194	32,676	12,692	Increases	5,886	3,852		
					Acquisition cost at Dec. 31	36,140	30,254		
9. APPROPRIATIONS					Accumulated depreciation and write-downs at Dec. 31	23,817	18,137		
Difference between depreciation according to plan and depreciation reported in taxation			-470	-1,019	Book value at Dec. 31	12,323	12,117		
					Tangible assets				
10. DIRECT TAXES					Land				
Income taxes on extraordinary items	-3,724		-3,724		Acquisition cost at Jan. 1	14,931	14,615	1,394	1,394
Income taxes on ordinary operations	-10,327	-15,173	-6,750	-11,256	Increases	102	335		
Income taxes for previous years	126	1,400	170	1,315	Decreases	917	18		
Change in imputed deferred taxes	1,771	-696			Transfers to another asset group		1		
Total	-12,154	-14,469	-10,304	-9,941	Acquisition cost at Dec. 31	14,116	14,931	1,394	1,394
					Book value at Dec. 31	14,116	14,931	1,394	1,394
NOTES TO THE BALANCE SHEETS					Buildings and structures				
11. CHANGES IN NON-CURRENT ASSETS					Acquisition cost at Jan. 1	53,851	49,787	5,469	5,168
Intangible assets					Increases	5,738	4,223	39	281
Intangible rights					Transfers from another asset group		2		
Acquisition cost at Jan. 1	1,250	1,232	178	179	Assets transferred in merger				57
Increases	559	23			Decreases	13,026	156	5	32
Decreases	14	4			Transfers to another asset group		5		5
Transfers to another asset group		1		1	Acquisition cost at Dec. 31	46,563	53,851	5,503	5,469
Acquisition cost at Dec. 31	1,795	1,250	178	178					
Accumulated depreciation and write-downs at Jan. 1	36	36	36	36					
Depreciation for the financial year	44								
Accumulated depreciation and write-downs at Dec. 31	80	36	36	36					
Book value at Dec. 31	1,715	1,214	142	142					

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
Accumulated depreciation and write-downs at Jan. 1	17,509	15,412	3,936	3,739
Accumulated depreciation of decreases and transfers	2,657			
Depreciation for the financial year	1,800	2,097	170	197
Accumulated depreciation and write-downs at Dec. 31	16,652	17,509	4,106	3,936
Book value at Dec. 31	29,911	36,342	1,397	1,533
Plant and machinery				
Construction machinery bought after Jan. 1, 1995; price over EUR 8,400				
Acquisition cost at Jan. 1	24,025	16,646	3,804	8,791
Increases	11,989	14,505		2,138
Decreases	10,412	7,126		7,125
Acquisition cost at Dec. 31	25,602	24,025	3,804	3,804
Accumulated depreciation and write-downs at Jan. 1	7,172	5,030	3,804	3,783
Accumulated depreciation of decreases and transfers	823			
Depreciation for the financial year	4,236	2,142		21
Accumulated depreciation and write-downs at Dec. 31	10,585	7,172	3,804	3,804
Book value at Dec. 31	15,017	16,853		
Other machinery and construction machinery bought before Jan. 1, 1995*)				
Acquisition cost at Jan. 1	18,595	16,385	8,422	10,131
Increases	6,120	20,782	3,976	9,540
Transfers from another asset group	34	66		
Assets transferred in merger				43
Decreases	1,668	9,906	14	9,071
Transfers to another asset group	33	7		
Book value at Dec. 31 before depreciation	23,048	27,320	12,384	10,643
Depreciation for the financial year	5,309	8,725	2,792	2,221
Book value at Dec. 31	17,739	18,595	9,592	8,422
Book value of equipment at Dec. 31, total	32,756	35,448	9,592	8,422

*) All construction machinery and other machinery bought before January 1, 1995 and subsequently purchased construction machinery having an acquisition cost under EUR 8,400 and other equipment

Other tangible assets

Acquisition cost at Jan. 1	1,827	1,745	907	934
Increases	118	186	31	15
Transfers from another asset group	34	6		2
Assets transferred in merger				4
Decreases	497	2	14	
Transfers to another asset group	40	108		48
Acquisition cost at Dec. 31	1,442	1,827	924	907

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
Accumulated depreciation and write-downs at Jan. 1	963	767	507	408
Accumulated depreciation of decreases and transfers	269			
Depreciation for the financial year	102	196	55	99
Accumulated depreciation and write-downs at Dec. 31	796	963	562	507
Book value at Dec. 31	646	864	362	400
Advance payments and construction in progress				
Acquisition cost at Jan. 1	475	618	458	
Increases	524	3		
Transfers from another asset group		458		458
Decreases	107	604	90	
Book value at Dec. 31	892	475	368	458
Book value of machinery and equipment at Dec. 31	18,264	17,683		
Tangible assets, total	78,321	88,060	13,113	12,207

12. INVESTMENTS

Participations in Group companies				
Acquisition cost at Jan. 1			41,651	35,546
Increases			11,099	9,142
Decreases			5,046	3,037
Acquisition cost at Dec. 31			47,704	41,651
Participations in associated companies				
Acquisition cost at Jan. 1	2,025	2,097	2,274	2,299
Increases	184			146
Decreases	421	72	235	171
Acquisition cost at Dec. 31	1,788	2,025	2,039	2,274
Other shares and participations				
Acquisition cost at Jan. 1	6,366	2,890	2,730	2,000
Increases	1,082	2,144	684	1,103
Transfers from another asset group		2,275		747
Decreases	742	943	302	1,120
Transfers to another asset group	2,159			
Acquisition cost at Dec. 31	4,547	6,366	3,112	2,730
Own shares				
Acquisition cost at Jan. 1				
Increases	4,219		4,219	
Acquisition cost at Dec. 31	4,219		4,219	
Receivables from Group companies				
Acquisition cost at Jan. 1			26,024	26,804
Increases				
Decreases				780
Transfers to another asset group			778	
Acquisition cost at Dec. 31			25,246	26,024
Saamisest osakkuusryityksiltä				
Acquisition cost at Jan. 1	5,391	4,502	5,391	4,502
Increases		889		889
Decreases	320		320	
Acquisition cost at Dec. 31	5,071	5,391	5,071	5,391

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
Other investments				
Acquisition cost at Jan. 1				
Increases	7			
Transfers from another asset group	8			
Acquisition cost at Dec. 31	15			
Other investments, total	5,086	5,391	30,317	31,415
Investments, total	15,640	13,782	87,391	78,070
13. INVENTORIES				
Other inventories				
Land and plot-owning companies	58,197	78,315	52,481	69,131
Shares in housing and real-estate corporations under construction	48,846	58,565	48,326	55,936
Shares in completed housing corporations	12,734	13,089	11,128	9,643
Shares in completed real-estate corporations	12,963	12,917	12,820	12,917
Others	2,451	15,224	2,100	17,333
Total	135,191	178,110	126,855	164,960
14. RECEIVABLES				
Long-term receivables				
Trade receivables	41			
Receivables from Group companies				
Loan receivables			20,701	28,469
Total			20,701	28,469
Loan receivables	3,044	245	3,044	193
Other receivables	53		1	1
Prepaid expenses and accrued income	318		318	
Total	3,415	245	3,363	194
Long-term receivables, total	3,456	245	24,064	28,663
Imputed tax credits	4,694			
Current receivables				
Trade receivables	140,418	144,157	86,350	87,854
Receivables from Group companies				
Trade receivables			1,478	433
Loan receivables			6,726	7,676
Other receivables			19,376	9
Prepaid expenses and accrued income			271	3,755
Total			27,851	11,873
Receivables from associated companies				
Trade receivables	12		12	
Other receivables	29	32	29	25
Prepaid expenses and accrued income	7			
Total	48	32	41	25
Loan receivables	166,884	128,679	166,234	128,297
Other receivables	3,962	3,235	1,985	406
Prepaid expenses and accrued income	69,727	43,783	51,979	42,410
Current receivables, total	381,039	319,886	334,440	270,865
Receivables, total	389,189	320,131	358,504	299,528

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
Loan receivables from limited companies included in other inventories, total	1,428	128,005	805	127,746
Prepaid expenses and accrued income result primarily from partial credits to account on the uninvoiced order backlog.				
In accordance with the principle of conservatism, imputed tax credits do not account for tax credits arising from the confirmed losses of foreign subsidiaries.				
15. SECURITIES HELD IN FINANCIAL ASSETS				
Repurchase price	17,080		16,144	
Book value	13,404		12,514	
Difference	3,676		3,630	
16. SHAREHOLDERS' EQUITY				
Share capital at Jan. 1	49,342	49,283	49,342	49,283
Bonds with warrants	92	59	92	59
Transfer from reserve fund	9,333		9,333	
Share capital at Dec. 31	58,767	49,342	58,767	49,342
Share premium account at Jan. 1	247		247	
Bonds with warrants	311	247	311	247
Transfer from reserve fund	52,934		52,934	
Share premium account at Dec. 31	53,492	247	53,492	247
Reserve for own shares at Jan. 1				
Transfer from retained earnings	4,219		4,219	
Reserve for own shares at Dec. 31	4,219		4,219	
Reserve fund at Jan. 1	62,699	62,469	62,267	62,267
Transfer from retained earnings	25	306		
Transfer to share premium account	-52,934		-52,934	
Transfer to share capital	-9,333		-9,333	
Translation difference	39	-76		
Reserve fund at Dec. 31	496	62,699		62,267
Retained earnings at Jan. 1	113,328	95,049	111,809	95,389
Dividend pay-out	-12,336	-9,857	-12,336	-9,857
Transfer to reserve fund	-25	-306		
Change in translation differences	335	-387		
Depreciation difference of subsidiary sold	-3,111			
Other changes	-158	397		
Transfer to reserve for own shares	-4,219		-4,219	
Retained earnings at Dec. 31	93,814	84,896	95,254	85,532
Profit for the financial year	60,698	28,432	52,305	26,277
	154,512	113,328	147,559	111,809
Shareholders' equity, total	271,486	225,616	264,037	223,665

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
Distributable funds at Dec. 31				
Retained earnings	93,814	84,896	95,254	85,532
Profit for the financial year	60,698	28,432	52,305	26,277
Increases in share capital	-110			
Portion of accumulated depreciation difference entered in shareholders' equity	-1,933	-5,722		
Distributable funds from shareholders' equity	152,469	107,606	147,559	111,809
17. ACCUMULATED APPROPRIATIONS				
Depreciation difference at Jan. 1			1,038	
Increase			470	1,038
Depreciation difference at Dec. 31			1,508	1,038
18. OBLIGATORY RESERVES				
Pension reserves				
Reserves for taxation				
Reserves for rental guarantees	1,032	1,177	996	1,177
Guarantee reserves	822	756		
Reserve for loss-making work	4,529	377	4,529	129
Other obligatory reserves	278	930		511
Total	6,661	3,240	5,525	1,817
19. LONG-TERM LIABILITIES				
Deferred tax liabilities				
On appropriations	1,628	2,930		
Total	1,628	2,930		
Liabilities falling due in five years or longer				
Loans from financial institutions	8,396	5,581	8,364	5,581
Pension loans	17,714	19,590	17,714	19,548
Other loans		33,703		33,646
Total	26,110	58,874	26,078	58,775
Loans from financial institutions include a debt to subsidiaries on the Group bank account			33,024	27,136
Liabilities of companies included in inventories from sources outside the Group		26,773		26,773
20. CURRENT LIABILITIES				
Liabilities to Group companies				
Accounts payable			2,988	3,039
Other liabilities			1,238	2,543
Accrued liabilities and prepaid income			130	114
Total			4,356	5,696
Liabilities to associated companies				
Other liabilities	682	188	682	188
Total	682	188	682	188

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	1999	1998
21. EFFECT OF PARTIAL RECOGNITION OF PROJECTS ON BALANCE SHEET ITEMS				
Inventories/Work in progress	323,544	320,771	234,329	187,649
Less: partial recognition of income	290,830	282,761	211,679	166,342
Work in progress entered in the balance sheet	32,714	38,010	22,650	21,307
Liabilities/Advances received	454,816	358,269	302,171	203,202
Less: partial recognition of income	411,104	315,830	277,192	182,156
Advances received entered in the balance sheet	43,712	42,439	24,979	21,046
Accrued liabilities and prepaid income result primarily from the periodization of the uninvoiced order backlog.				
22. CONTINGENT LIABILITIES				
Mortgages given as security of loans, total	65,699	101,924	52,180	75,584
Mortgages for own debts are mainly given as security of pension loans				
Shares pledged as security of loans, total	9,885	23,913	9,862	23,115
Collateral given on behalf of others				
Securities pledged	942	942	942	942
Pension liabilities are entered in the balance sheet under long-term pension loans.				
Leasing commitments				
Payable during the current financial year	2,316	669	185	105
Payable in subsequent years	5,309	2,295	444	400
Total	7,625	2,964	629	505
Other commitments				
Repurchase commitments to financial companies for contract receivables sold	21,571	27,769	21,218	27,769
Other commitments	241		241	
Total	21,812	27,769	21,459	27,769
Guarantees				
On behalf of Group companies			69,912	59,898
On behalf of associated companies	1,226	798	1,226	798
On behalf of others	4,856	1,930	4,856	1,584
Total	6,082	2,728	75,994	62,280
Mortgages given by companies held in inventories				
For debts of Group companies	2,355	2,355	2,355	2,355
Derivative contracts				
Foreign currency forward contracts				
Going value	28,385	26,418	27,225	17,776
Value of underlying assets	29,021	26,244	27,857	17,616

NOTES TO THE FINANCIAL STATEMENTS

23. SHARES AND PARTICIPATIONS

Name	Group's holding, %	Number of shares	Nominal value	Book value EUR 1,000	Group's share of equity EUR 1,000	Profit/loss EUR 1,000
SHARES IN GROUP COMPANIES, OWNED BY THE PARENT COMPANY						
Rakennustoimisto Tolonen Oy, Hämeenlinna	100.00	800	EUR 720	6,365	743	1
Kiinteistö Oy Panuntie 11, Helsinki	100.00	12,521	FIM 125	6,667	6,633	0
YIT Rapido Property Management Services Ltd, Helsinki	100.00	14,000	EUR 140	3,045	693	510
YIT Facility Management Oy, Helsinki	100.00	1,200	FIM 1,200	1,196	364	76
YIT Concept Project Management Services Ltd, Helsinki	100.00	40	EUR 8	8	8	0
YIT Bygg AB, Västerås	100.00	500	SEK 2,000	222	298	-2,858
YIT Vatten & Miljöteknik AB, Landskrona	100.00	5,000	SEK 500	72*)	135	55
AS Makroflex, Tallin	100.00	480	EEK 14,064	847	3,808	232
YIT Universaalehituse AS, Tallinn	100.00	700	EEK 700	49	357	0
YIT Latvija SIA, Riga	100.00	259	LVL 26	37	539	47
YIT UAB, Vilnius	100.00	2,000	LTL 200	36	54	28
ZAO YIT-Genstroj, Moscow	100.00	2,500	RUB 887,500	127	33	0
YIT Invest Export Oy, Helsinki	100.00	2,000	FIM 300	52	50	0
YIT Project Export Oy, Helsinki	100.00	2,000	FIM 300	52	52	1
YIT Project Invest Oy, Helsinki	100.00	60,000	FIM 6,000	1,009	1,009	0
ZAO Lentek, St. Petersburg	88.00	880	RUB 9	1,009*)	576	492
Makroflex Oy, Oitti	100.00	2,700	EUR 1,350	1,578	1,299	-6
ZAO Makroflex, Moscow	100.00	1,000	RUB 100	0*)		0
YIT Saumaeriste Oy, Helsinki	100.00	3,000	FIM 300	50	50	0
YIT Polska sp zo.o., Cracow	100.00	100	PLN 100	27	-257	-247
AB Kausta, Kaunas	66.33	6,632,590	LTL 6,633	1,921	1,150	-1,110
UAB Kausta Guder, Lithuania	51.00	16,830	LTL 168,830	0*)		
YIT Salym Development Oy, Helsinki	100.00	500	FIM 50	8	8	0
YIT Safetytec Oy, Helsinki	86.60	606	EUR 119	468	2,718	1,134
Huber Servitek Oy, Helsinki	100.00	3,000	EUR 510	1,520	668	6
Huber Talotekniikka Oy, Helsinki	100.00	10,000	EUR 1,700	3,476	3,689	0
YIT Industry Ltd, Helsinki	100.00	5,000	EUR 850	1,580	2,083	8
Huber Testing Oy, Helsinki	100.00	500	EUR 85	373	317	477
Scandinavian Mill Service Oy, Helsinki	51.00	51	FIM 77	13	21	9
YIT Projektrör AB, Stockholm	100.00	125,000	SEK 12,500	760	954	-1,289
AS YIT Huber, Tallinn	100.00	4,000	EEK 400	25	29	-31
YIT Service Ltd, Helsinki	100.00	10,000	EUR 850	1,357	1,464	14
YIT Power Ltd, Ylivieska	60.00	87,000	EUR 8,700	1,241	7,574	1,420
Länsiteknio Oy, Helsinki	100.00	15,000	FIM 150	6,115	1,912	471
Kruunuhaan Putki Oy, Helsinki	100.00	60	EUR 10	657*)		
Oulun Ykär Oy, Oulu	100.00	15	EUR 3	31*)		
As Oy Nurmipetäjä, Helsinki	100.00	467	EUR 4	286*)		
Länsi-Pohjan Asennus Oy, Kempele	100.00	40	EUR 1	305*)		
YIT-Huber East Oy, Helsinki	100.00	500	FIM 50	8		
YIT-Huber Invest Oy, Helsinki	100.00	2,000	FIM 200	34		
ZAO YIT-Peter, St. Petersburg	100.00	1,000	RUB 1,000	0*)	24	24
YIT Industrier A/S, Mongstad	100.00	2,601	NOK 2,601	441	909	810
YIT Kalusto Oy, Urjala	100.00	10,000	EUR 5,000	5,170	6,827	1,656
YIT-Yhtymän Lomakeskus Oy, Helsinki	100.00	2,300	FIM 2,300	1,811	1,824	28
YIT Huber Ltd, Helsinki	100.00	800	EUR 8	8	8	
YIT Construction Ltd, Helsinki	100.00	800	EUR 8	8	8	
Total				47,704		

*) Subgroup figures are not included in the total

NOTES TO THE FINANCIAL STATEMENTS

Name	Group's holding, %	Number of shares	Nominal value	Book value EUR 1,000	Group's share of equity EUR 1,000	Profit/loss EUR 1,000
SHARES IN ASSOCIATED COMPANIES, OWNED BY THE PARENT COMPANY						
Kiinteistö Oy Panuntie 6, Helsinki	43.75	3,046	FIM 30	917	4,478	0
Kiinteistö Oy Juronaki, Rovaniemi	27.76	349	FIM 100	146	165	0
Arabian Finnish Contracting and Maintenance Co Ltd, Saudi Arabia	49.00	2,450	SAR 2,450	571	663	17
Oy Botnia Mill Service Ab	40.00	2,400	FIM 2,400	404	404	179
Finn-Stroi Oy, Helsinki	31.56	1,010	FIM 10	0	4	9
Total				2,038		

SHARES OWNED BY THE PARENT COMPANY AND PARTICIPATIONS IN OTHER COMPANIES

E. Hiltunen Oy, Helsinki	4.70	4,765	FIM 95	96		
Oy Datacity Center, Turku	3.29	1,000	FIM 100	17		
Kiinteistö Oy Joensuun Sepänahjo, Joensuu	14.96	1,515	FIM 3	128		
As Oy Jyväskylänkatu 4, Jyväskylä		81		40		
Helsinki Exchanges Group Ltd Oy, Helsinki		24,400		25		
OKR-Liikkeeseenlaskijat Osuuskunta, Helsinki		6	FIM 120	20		
Finnish Central Securities Depository Ltd, Helsinki		2	FIM 140	24		
PPTH Steelmanagement Oy, Peräseinäjoki	19.00	10,070	EUR 50	8		
Rautaruukki Corporation, Oulu		198,160	FIM 1,982	747		
Shares and participations in housing and real-estate corporations				436		
Shares and participations in telephone companies				145		
Other shares and participations, total				1,426		
Total				3,112		

SHARES OWNED BY THE SUBSIDIARIES AND PARTICIPATIONS IN OTHER COMPANIES

Shares in housing and real-estate corporations	901
Shares and participations in telephone companies	64
Other shares and participations, total	73
Total	1,038



BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

According to the Consolidated Balance Sheet as at 31 December 1999, the Group's distributable non-restricted equity is EUR 152,469,000.00.

The non-restricted equity of the parent company, YIT Corporation, shown in the balance sheet as at 31 December 1999 is EUR 147,558,655.44 which is made up as follows:

· retained earnings	95,253,863.47
· net profit for the financial period	52,304,791.97
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	147,558,655.44

The Board of Directors proposes that the profit be disposed of as follows:

· Payment of a dividend of 30% or EUR 0.60 per share to shareholders, thus	17,338,431.00
· Transfer to retained earnings	130,220,224.44
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	147,558,655.44

Helsinki, February 10, 2000

Ilpo Jalasjoki
Jouko Ketola
Juhani Kuusisto
Raimo Lahtinen
Esko Mäkelä
Mikko Rekola
Reino Hanhinen
President and CEO

The above financial statements have been prepared in accordance with generally accepted accounting principles in Finland.

We have today submitted the report of the audit carried by us.

Helsinki, February 15, 2000

Pekka Nikula
Authorized Public Accountant

SVH Pricewaterhouse Coopers Oy
APA firm

Kimmo Rautvuori
Authorized Public Accountant

AUDITORS' REPORT

To the shareholders of YIT Corporation

We have audited the accounting, the financial statements and the corporate governance of YIT Corporation for the financial year ended 31 December 1999. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on the audit, we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. The purpose of our audit of corporate governance is to examine that the members of the Supervisory Board and the Board of Directors and the President have legally complied with the rules of the Companies' Act.

In our opinion, the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of the financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position.

The financial statements with the consolidated financial statements can be adopted and the members of the Supervisory Board and the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us.

The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies' Act.

Helsinki, February 15, 2000

Pekka Nikula
Authorized Public Accountant

SVH Pricewaterhouse Coopers Oy
APA firm

Kimmo Rautvuori
Authorized Public Accountant

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board of YIT Corporation has examined the consolidated and parent company financial statements for 1999, which have been submitted to it, as well as the Auditors' Report and the proposal of the Board of Directors for the distribution of profit. As its statement the Supervisory Board observes that in respect of the material presented, it has no remarks and that it concurs with the Board of Directors' proposal.

The members of the Supervisory Board due to resign are Managing Director Ilkka Brotherus and CEO Mikko Kivimäki.

Helsinki, February 16, 2000

SUPERVISORY BOARD

Asmo Kalpala
Iiro Viinanen
Ilkka Brotherus
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