

Annual Report 2003



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Information for *shareholders and investors*

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Annual General Meeting

The Annual General Meeting of YIT Corporation will be held at 3:00 p.m. (Finnish time) on Thursday, March 18, 2004 at the company's head office, Panuntie 11, 00620 Helsinki, Finland. The right to participate in the meeting rests with a shareholder who by March 8, 2004, at the latest has been entered as a shareholder in the company's shareholder register that is kept by the Finnish Central Securities Depository Ltd.

Shareholders who wish to participate in the Annual General Meeting must notify the company thereof no later than by 4:00 p.m. on March 15, 2004, either by telephoning +358 20 433 2257 or +358 20 433 2453 or by emailing liisa.nordberg@yit.fi or pirikko.pesonen@yit.fi, or by writing to YIT Corporation, Marja Salo, P.O. Box 36, FI-00621 Helsinki, Finland. It is requested that the company be notified of any proxies at that time and that any proxies be sent to the above address before the expiry of the registration period.

Dividend

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.20 per share be paid for the 2003 financial year. The right to a dividend rests with a shareholder who by the record date March 23, 2004 has been entered as a shareholder in the company's shareholder register that is kept by the Finnish Central Securities Depository Ltd. The Board of Directors proposes that the dividend be paid on March 30, 2004.

Financial information in 2004

YIT Corporation publishes the 2003 financial statement bulletin on February 20, 2004, and the Annual Report during the week beginning on March 15, 2004. Interim Reports will be published as follows:

Interim Report for the January 1 - March 31 period	May 4, 2004
Interim Report for the January 1 - June 30 period	August 5, 2004
Interim Report for the January 1 - September 30 period	November 2, 2004

The Annual Report, Interim Reports and stock exchange releases are published in Finnish, English and Swedish. They can be read on YIT's site at www.yit.fi. You may also sign up for the release emailing list on the site.

Financial reports can be ordered from:

YIT Corporation, Corporate Communications, P.O. Box 36, FI-00621 Helsinki, Finland
Email: tuula.niinikoski@yit.fi
Fax +358 20 433 3746
Internet www.yit.fi > English > Feedback > Order financial information and press releases

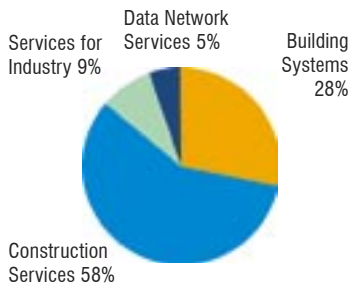
Address changes

Printed copies of the Annual Report are mailed to all shareholders included in the register kept by the Finnish Central Securities Depository Ltd. Shareholders are requested to make notification of changes in their address to the bank branch office in which their book-entry account is handled. If the account is handled at the Finnish Central Securities Depository Ltd, notifications of address changes should be sent to the Finnish Central Securities Depository Ltd, P.O. Box 361, FI-00131 Helsinki, Finland.

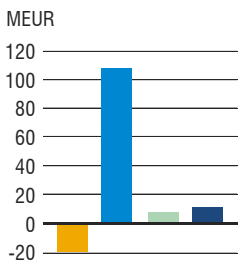
This Annual Report is a translation of YIT Corporation's Finnish Vuosikertomus 2003 (Annual Report 2003).

*The Board of Directors
will propose to the Annual
General Meeting that
a dividend of EUR 1.20 per
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financial year.*

Net sales

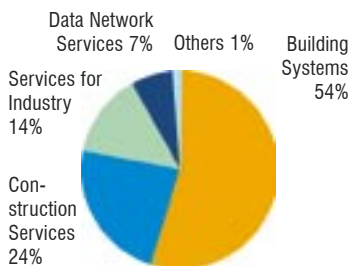


Operating profit



- Building Systems MEUR -19.7
- Construction Services MEUR 107.8
- Services for Industry MEUR 8.8
- Data Network Services MEUR 10.7

Personnel



YIT is a Nordic service company offering capital investment and maintenance services for the property and construction sector and for industry and telecommunications.

In 2003, YIT's net sales amounted to EUR 2.4 billion and operating profit to EUR 99 million. The Group employs about 22,000 people. The main markets are the Nordic and Baltic countries and Russia.

The YIT Group's roots extend back to 1912, when Yleinen Insinööritoimisto began its operations in the Grand Duchy of Finland. Over more than 90 years in business, the service chain has expanded to cover the entire life cycle of projects and YIT has grown into the market leader in all its business segments in Finland.

Following the Building Systems acquisition in July 2003, YIT became the leading building systems company in the Nordic countries.

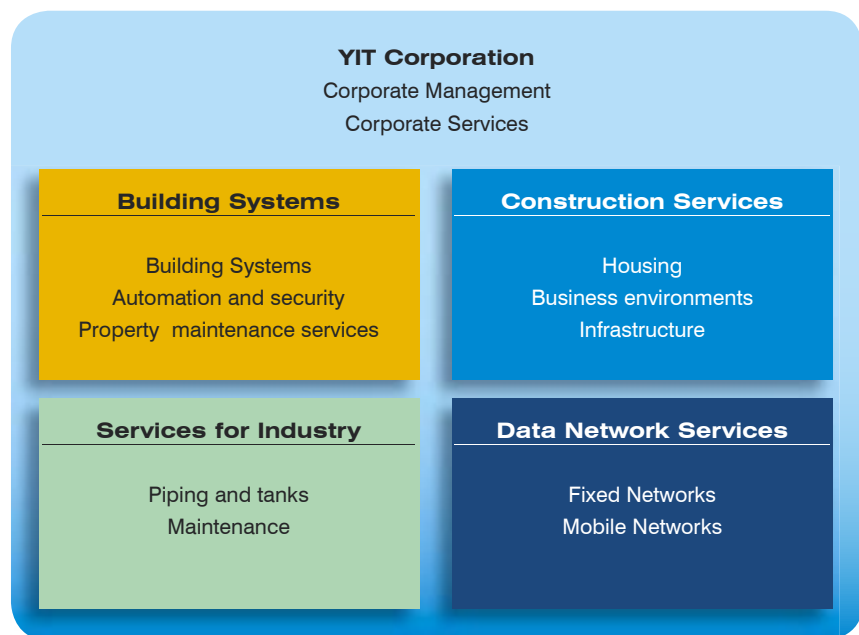
YIT's share is quoted on the Main List of Helsinki Exchanges under the Other Services business sector.

Mission

YIT's mission is to build and maintain a good living environment for people.

Operational concept

YIT helps customers to invest productively and maintain the value of their investments.



Building Systems

YIT Building Systems offers a complete range of building system services covering the entire life cycle of properties. It provides design, contracting, maintenance and servicing for all types of technical building systems, facility management, property services, business premise services, and telecom and industrial services and system deliveries locally in all the Nordic countries, the Baltic countries and Russia.

Net sales:	EUR 681.0 million
Operating result:	EUR -19.7 million
Employees:	11,812

Construction Services

Construction Services offers customer-focused residential and premises solutions and capital investment services and helps customers to maintain the value of their investments. Its service chain encompasses the entire life cycle of a property, from the implementation of an investment to its maintenance, as well as repairing and modernizing old buildings. YIT offers construction services in Finland, the Baltic countries and Russia. Water and environmental services are offered in Northern Europe and certain countries in the Middle East and Asia.

Net sales:	EUR 1,398.5 million
Operating profit:	EUR 107.8 million
Employees:	5,268

Services for Industry

In its product areas, Services for Industry is the largest provider of maintenance and capital investment services for industry in the Nordic countries. Customers are the forest, energy, food, oil and chemical industries as well as shipyards and the offshore industry. Services for Industry's main market is the Nordic countries, but projects are exported worldwide.

Net sales:	EUR 209.7 million
Operating profit:	EUR 8.8 million
Employees:	3,117

Data Network Services

Data Network Services offers end-to-end services for all types of data transfer. Its service range encompasses consulting, design, network construction and maintenance, deliveries of telecom connections and services, and IT helpdesk services, all the way to the customers' user equipment. The Data Network Services business segment mainly offers its services in Finland. In the rest of its home territories, YIT offers telecom services through YIT Building Systems.

Net sales:	EUR 130.0 million
Operating profit:	EUR 10.7 million
Employees:	1,463





YIT purchased from ABB, by an agreement signed on July 4, 2003, its Building Systems operations offering technical building systems, property and industrial services in Finland, Sweden, Norway, Denmark, the Baltic countries and Russia. The acquired business had net sales in 2002 of about EUR 1,130 million and approximately 9,100 employees

Post-acquisition, the Group's four business segments are: Building Systems, Construction Services, Services for Industry and Data Network Services. YIT's market position changed significantly. The company became the market leader, in terms of net sales, in all its business segments in Finland and the Nordic leader in Building Systems.

The company has about 22,000 employees, of whom 55 per cent work in Finland.

In 2003, the Group's net sales grew by 36 per cent to EUR 2,389.7 million (2002: EUR 1,763.0 million). The share of net sales accounted for by the Group's international activities grew from 22 to 28 per cent. The business operations of Building Systems accounted for EUR 335.1 million of the Group's net sales

In line with its strategy, YIT extended its service chain encompassing the entire life cycle of properties in all its business segments. The share of the Group's net sales accounted for by its maintenance and servicing business rose from 24 to 27 per cent.

Operating profit came in at EUR 98.6 million (EUR 89.8 million). The operating profit margin was 4.1 per cent (5.1%).

Return on investment was 16.8 per cent (17.8%). As a consequence of the acquisition, the equity ratio fell to 28.3 per cent (38.2%).

The invoiced backlog of orders was at the end of the year, or EUR 1,490.1 million (EUR 938.8 million). The share of the backlog represented by international activities was 38 per cent (27%).

Key figures	2003	2002
Net sales, MEUR	2,389.7	1,763.0
- change on the previous year, %	35.5	8.6
Operating profit, MEUR	98.6	89.8
- % of net sales	4.1	5.1
Profit before extraordinary items and taxes, MEUR	84.4	77.6
Profit for the period, MEUR	48.4	43.0
Return on investment, %	16.8	17.8
Return on equity, %	12.5	12.2
Cash flow from operating activities, MEUR	97.6	76.6
Net interest-bearing debt, MEUR	204.4	104.1
Equity ratio, %	28.3	38.2
Gearing ratio, %	49.6	28.2
Earnings per share, EUR	1.64	1.49
Equity per share, EUR	13.38	12.54
Dividend per share, EUR	1.20*)	0.90
Share price on Dec. 31, EUR	26.90	16.79
Market capitalization on Dec. 31, MEUR	821.1	489.9
Gross capital expenditures, MEUR	232.9	60.6
Order backlog on Dec. 31, MEUR	1,490.1	938.8
Personnel on Dec. 31	21,939	12,633

*) Proposal of Board of Directors

YIT is the market leader in all its business segments in Finland and the Nordic leader in Building Systems.

Currency exchange rates on Dec. 31

	2003	2002
1 EUR = USD	1.2630	1.0487
GBP	0.7048	0.6505
SEK	9.08	9.1528
NOK	8.4141	7.2756
DKK	7.4450	7.4288
EEK	15.6466	15.6466
LVL	0.6725	0.6140
LTL	3.4524	3.4528
RUB	36.936	33.506

Stronger market position increases YIT's earnings potential

Growth in YIT's net sales has significantly outpaced that of the market and the company has continued to rack up good earnings, even during the past few years of slow economic growth. Thanks to its strong cash flow, the company's financial position has also remained solid. The augmentation of the company's capacity, carried out without a share issue, has increased shareholder value substantially. The large traffic and energy infrastructure projects that will be carried out in the next few years, the greater outsourcing of technical services, the accelerating development of data network technology and the expansion of YIT's residential construction operations into the Baltic countries and Russia mean that YIT's earnings potential is on the rise.

Venturing from a solid Nordic foundation into the growing market for technical services

All of YIT's business segments generate the bulk of their net sales and earnings in the Nordic countries. However, business oper-

ations are growing at the fastest rate and have the greatest growth potential in the Baltic countries and Russia.

Last year, Construction Services and Data Network Services racked up good operating profit. Services for Industry had satisfactory operating profit, even though its net sales declined as investments by industry fell. The result of the Building Systems business segments remained in the red, as expected, due to integration costs and the costs of downscaling the loss-making operations acquired in Sweden.

The integration costs of the Building Systems business were mainly realized last year. The restructuring measures of the new business in Sweden have been completed for the most part and the costs recorded in last year's result. The development of the entire Building Systems business segment is on a solid footing and it is expected that it will already have a positive effect on the Group's result during the present year. The share of construction costs and especially the repair costs of properties accounted for by technical building systems will rise significantly. Renovation is growing at a faster rate than new construction in all of the Nordic countries.

Depressed market bottoms out

YIT has systematically developed its technical and financial performance - and can reap the benefits from the growth in the demand for technical services in the Nordic and Baltic countries and Russia in the next few years. The positive outlook for 2004 is based on a record-breaking order backlog. Its margin is good. The strengthening of the euro and moderate economic growth in the euro zone restrain the interest rate trend and support demand for residences. It is expected that investments will increase in the Nordic countries during the latter part of the present year and in the next year. In 2004, economic growth in the Nordic countries will accelerate to the long-term average level of 2.5-3 per cent. Economic growth in the Baltic countries and Russia is anticipated to be about twice as fast as in the Nordic countries, while growth in investments will be even more rapid.

In the medium term, numerous large infrastructure projects in Finland and the construction of the country's fifth nuclear power plant will increase demand for construction and industrial services. Industry and public sector bodies will outsource technical investment and maintenance services. The Baltic countries will join the EU at the beginning of next May, and this will lead to an increase in investments and stimulate the devel-



opment of the region's economies. Russia's stability and years-long economic growth have strengthened the middle class and the residential market is growing at a rapid clip, especially in the large cities. The housing market has great and long-term growth potential. Accordingly, YIT has strongly stepped up its efforts in this area by expanding its residential construction from St Petersburg to the Moscow area at the beginning of the present year.

YIT's corporate structure changes

At the beginning of last September, the Group's business operations were divided into four business segments: Building Systems, Construction Services, Services for Industry and Data Network Services.

In terms of net sales, YIT is the largest Northern European company offering building system services whose network of outlets covers all of the Nordic and Baltic countries and Russia. Services for Industry is the leading company in the Nordic countries in its product areas. In Finland and Sweden, YIT is the market leader in industrial piping. Offshore and ship electrification installation comprise a significant business area in Denmark, Finland and Norway. Construction Services and Data Network Services are the market leaders in their fields of business in Finland. YIT is Finland's largest developer contractor of market-financed residences. In the Baltic countries and Russia, YIT's strongest growth and outlays are focused on residential production. As from 2004, YIT's residential start-ups in these countries outnumber those in Finland.

Personnel motivation and cooperation create synergy benefits

The new Building Systems business operations that were integrated into the YIT Group on August 29 have rapidly adopted YIT's consistent corporate look. During the first stage of the extensive orientation programme deployed in all our business countries, all employees were given the chance to become acquainted with and have a say on YIT's operating methods and corporate culture. Consistent operating methods will continue to be developed vigorously in 2004. Working groups have gone into action to find the best practices to be used in technologies and business methods and to disseminate them to different countries and business segments. The expanded service range and good internal cooperation improve our opportunities for developing and increasing our total service portfolio for the entire life cycle of investment projects.

Shareholder value grows

The augmentation of the company's capacity by means of a massive strategic acquisition of companies and business functions - during which a share issue was not carried out - led to an increase in potential earnings per share. Share turnover grew and the share price rose once the deal was confirmed. In order to improve its liquidity, YIT reduced its round lot from 200 to 50 shares on November 3, 2003. By decreasing the round lot, YIT sought to promote growth in the number of private investors owning shares in YIT. During the report year, the number of shareholders increased by 51 per cent to 4,928.


YIT has raised its dividend per share for nine years running. In the future, we will seek to continue our active dividends policy.

Cost-efficiency stimulates cash flow

YIT provides technical services that are based on highly professional service by our employees and their ability to use new technologies. We help our customers to invest profitably and maintain the value of their investments over the entire life cycle. Our objective is to team up with customers to improve the profitability of their operations. This is the humble attitude we foster in our own operations as well.

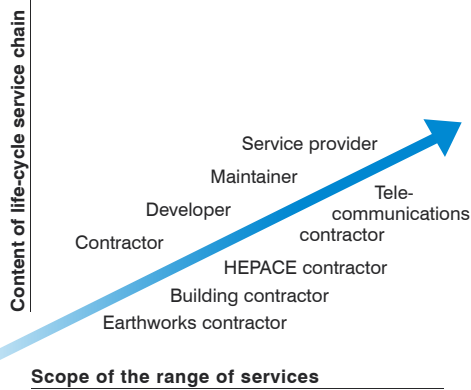
By increasing cost-efficiency, we will further strengthen cash flow and thus our prospects for developing our operations on our selected strategic path. YIT is a service company whose operations are labour-intensive. The continuous and active development of personnel plays a vital role in our success. In our development efforts, we seek to improve the appeal and challenges of work as well as occupational well-being and safe working conditions. We aim to succeed in the competition for the best employees and experts in the future as well.

Dear customers, cooperation partners and shareholders, I would like to thank you for the confidence you have shown in our operations. I would also like to extend my thanks to all YIT employees for good performance and your contributions to our mutual success.



Reino Hanhinen
Group CEO

The main strategy for the 2004-2006 period is still profitable growth



YIT has made consistent progress in its transition from its former role as solely a civil engineer and contractor to become a service provider for industry, the property cluster and information and communications technologies (ICT) and a builder of work and living environments.

From a contractor to a service provider

After the acquisition of the Nordic Building Systems business in the summer of 2003, YIT is starting out the 2004-2006 strategic period as a stronger and more international and diverse company. In Finland, YIT is the market leader in all its four business segments (Building Systems, Construction Services, Services for Industry and Data Network Services) in terms of net sales. In Building Systems, YIT is the leading company in the Nordic countries.

In line with its business concept, YIT's core competence area comprises the good management of investment projects and the development of service chains encompassing the entire life cycle in all its business segments. The business segments share a strong synergy, but their differences also balance out cyclical fluctuations.

The objective: growth outpacing that of the market

Profitable growth is still YIT's main strategy. After the Building Systems acquisition, the Group's strategic growth target is 5-10 per cent per year. YIT aims to achieve growth outpacing that of the market and a steadier flow of income, relying on a strategy of pragmatically extending the service chain over the entire life cycle of investment projects, from design and implementation to maintenance, upkeep and operating services. It is estimated that the share of the Group's net sales accounted for by its maintenance and servicing business will rise to about 30 per cent at the annual level after the acquisition - and the Group intends to further increase this share. In 2003, the share of the Group's net sales accounted for by its maintenance and servicing business was 27 per cent.

The objective of profitable growth is supported by factors such as:

- the recovery of general economic development in the Nordic countries
- moderate trends in interest rates
- rapid growth in the economies of the Baltic countries and Russia and investments in these countries
- the continuing expansion of the growth centres in the Nordic centres
- cost-efficiency pressures on public sector bodies and the opening up of public services to competition in the Nordic countries
- the starting up of capital investments by industry in the Nordic countries
- the growth in the relative share of construction and infrastructure accounted for by technical building systems and maintenance

In the Nordic countries, the strategic growth areas are the capital investment and maintenance market for technical building systems and industry as well as property and data network services and facility management. The strategic growth area in the Baltic countries and Russia is residential construction. Growth is sought through both organic and structural means.

In business operations, considerable effort is devoted to developing the company's own projects, strategic partnerships and the extensive end-to-end deliveries that the company can provide thanks to intra-Group cooperation. The service and quality culture is emphasized in all operations. New technology is harnessed rapidly and in an innovative manner. In the development of expertise, efforts are devoted to on-the-job learning and the efficient dissemination of information, both within units and over the boundaries of the business segments.

Focus on cash flow and cost-efficiency

The Building Systems acquisition and the strong growth in developer contracting in residential construction have significantly increased YIT's net sales and tied up capital.

The particular strategic focus areas in the near future are good cash flow and cost-efficiency. Operations concentrate on using capital efficiently and ramping up productivity.

YIT estimates that it will achieve about EUR 10 million in annual synergy benefits from the acquisition from 2004 onwards. The synergy benefits will be mainly achieved in procurements, administration and information technology as well as in the transfer of business models and the best practices between the old and acquired units.

Strategic financial targets

YIT's strategic targets for investors were confirmed in 1998. The set target levels were reached, and in some respects surpassed, by 2001.

Because the Building Systems acquisition increased YIT's net sales strongly, the earlier net sales growth target of 10-15 per cent was amended to 5-10 per cent following the deal. The Building Systems business is characterized by good cash flow, slight investment needs and good return on investment. It is expected that the acquisition will have a positive effect on earnings per share from 2004 onwards.

YIT financed the acquisition without a share issue. As a consequence, the company's equity ratio fell. YIT's objective is to restore the equity ratio to the strategic target level of 40 per cent by 2006 at the latest.



Financial indicators: target levels and the actual figures, 1999-2003

	Target level	1999	2000	2001	2002	2003
Annual growth in net sales, %	5-10	4.7	1.1	31.4	8.6	35.5
Return on investment, %	18	15.5	21.2	21.6	17.8	16.8
Equity ratio, %	40	41.6	40.2	40.3	38.2	28.3
Dividend payout, %	30-50	37.7	39.5	39.7	48.4*)	73.2**)

*) Calculated from earnings per share in which the residual taxes of EUR 10.9 million have not been taken into account.

***) Board of Directors' proposal

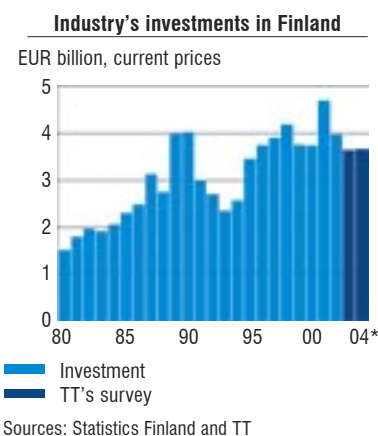
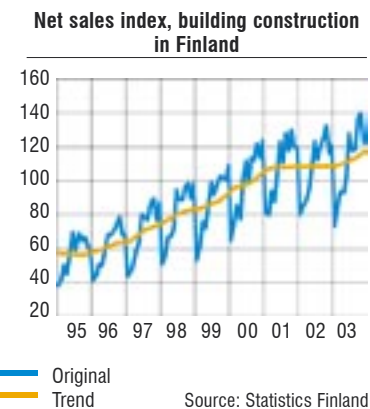
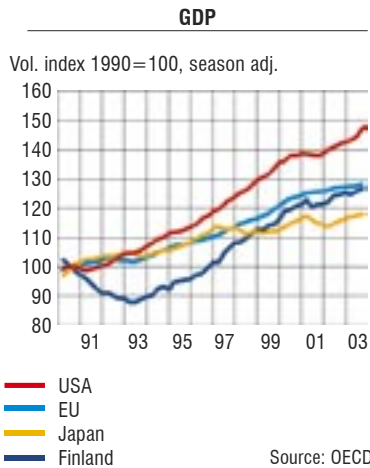
Strategic operational objectives

The most important operational objectives for the strategic period are:

- controlled implementation of the integration of the Building Systems business and developing the profitability of operations
- controlled growth in residential construction
- controlled implementation of large-scale projects for industry and infrastructure
- developing the customer and service structure in data network services
- profitable growth in industrial maintenance; expanding both the service range and geographical coverage
- strong development of public sector services

Strategic development at the Group level focuses on procurements, marketing, public sector services, impressions of the company as an employer, investor relations, internal communications and intra-Group cooperation. In order to ensure that the strategy is realized, particular attention is paid to risk management. The risk management policy is presented on page 76.

The downswing in the *Nordic economy is bottoming out*



Economic research institutes have estimated that the downswing in the global economy will end and turn also Nordic GDP and investments into growth during the present and the next year. Growth in the Baltic countries and Russia significantly outpaces the Nordic countries.

Finland

The trend in YIT's net sales is supported by the continuing brisk demand for residences and premises for commercial services in Finland's growth centres. The growth in residential production, the construction of business premises and renovation in Finland compensates for the decline in office and industrial construction in the construction and building system markets (heating, water, air-conditioning, electricity and automation contracting and maintenance). The strong contraction in investments by industry, which has continued for two years, will end during the present year, and it is anticipated that investments will rise both towards the end of the present year and next year on the heels of moderate cyclical upswing. The strengthening of the euro at the beginning of the year dampens the upswing.

According to the business cycle report published by the construction cycle group of the Ministry of Finance in February 2004, Finland's construction market will grow by 1-3 per cent this year. Renovation will grow at an annual rate of 4 per cent. It is expected that civil engineering will grow by 2.5 per cent. Last December, the Research Institute of the Finnish Economy ETLA estimated that total construction output in Finland will grow by 1.5 per cent this year and by 3.5 per cent next year. Investments in residential and commercial buildings and civil engineering will grow, while other types of building construction will decline. ETLA predicts that construction output will grow by 2.6 per cent on average each year from 2002 to 2007, that is, at a faster rate than in the previous five-year period. The growth in civil engineering outpaces that of building construction thanks to large-scale traffic and energy infrastructure projects.

According to the forecast made by ETLA in December, investments in machinery and equipment declined by 8 per cent last year. Investments in industrial and office premises were down 10 per cent. According to the economic research institutes' median forecast, investments will grow by 2.2 per cent in Finland this year. ETLA predicts that investments during the next five years will rise by an average of 2.7 per cent annually.

The market for industrial, property and infrastructure maintenance will expand as the outsourcing trend progresses. The total market for telecom network construction and maintenance will not expand during the present or the next year, but growth is expected in the outsourcing of operators' field functions in the future.

Sweden

At the beginning of January, the Swedish Construction Federation BI predicted that construction investments in Sweden will decline by four per cent this year. Construction of business premises will continue to fall both during the present year and the next. Residential production will rise slightly. There will be growth in small houses, while the construction of blocks of flats will decline. Construction in the Stockholm region fell significantly last year, whereas trends have been stable in the rest of the

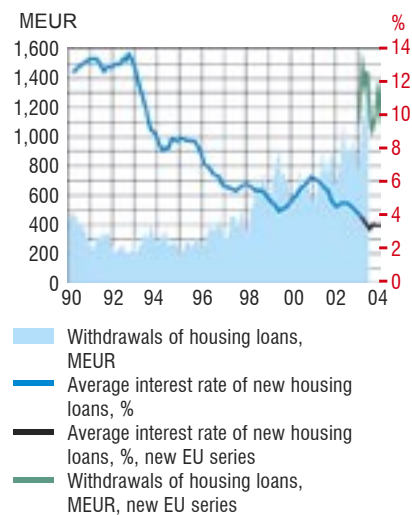


Electrical installer Reima Sintonen at the Hansa quarter site in Turku

Construction works on the Kerava-Lahti branch line were started up in the autumn of 2002. This photo shows YIT's foundation works site in Mäntsälä in the autumn of 2003.

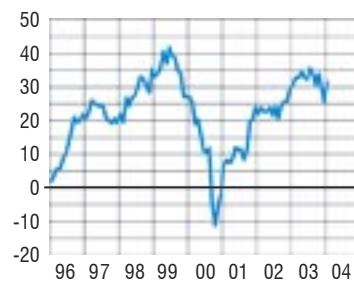


Housing loans and interest rates in Finland



Source: Bank of Finland, Jan. 30, 2004

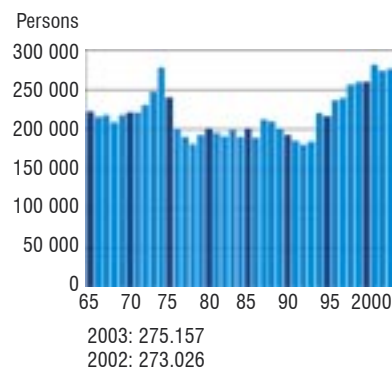
Is it a favourable time to raise a loan?



Saldo (%-share of consumers' positive answers - %-share of negative answers)

Source: Statistics Finland's Consumer Survey, Jan. 27, 2004

Migration between municipalities in Finland

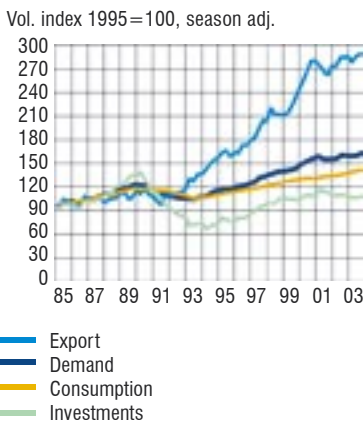


Source: Statistics Finland, Jan. 21, 2004



YIT Kiinteistötekniikka and YIT Construction participated in the Coresma 2004 fair held at Wanha Satama in Helsinki. In the photo, from the left: Asko Kauppinen, construction director at the City of Kuopio's Statistics Centre, and Kalevi Hyvärinen, YIT Kiinteistötekniikka's marketing manager.

Main factors of demand in Finland



Source: Statistics Finland

country, with particular growth in small house construction. The incipient upswing will bring the decline in construction investments to a halt next year. The Swedish National Institute of Economic Research KI estimated last December that residential investments will increase by 2.6 and 6.2 per cent during the present and the next year. According to Statistics Sweden the number of residential start-ups in 2003 grew by 19 per cent to 23,000 residences.

In January, Nordea forecast that the growth in fixed investments in Sweden will amount to 2.3 per cent this year and to 6.1 per cent the next. Industrial investments in turn would rise by 3.5 and 8 per cent, correspondingly. Nordea estimates that GDP growth will amount to 2.5 per cent this year and to 3 per cent the next.

Norway

The decline in Norges Bank's key interest rate ("sight deposit rate") from 7 to 2.5 per cent during the year now ended supports consumption and investments. Investments in mainland Norway will swing to growth of 2.2 and 3.2 per cent during the present and the next year. Nordea estimates that oil investments in Norway will grow by 5 per cent. According to the same forecast, GDP growth in mainland Norway will rise by 3.4 per cent this year and by 2.9 per cent the next. Last November, Euroconstruct forecast that building construction will decline by slightly under one per cent this year and by 2.7 per cent next year; growth in 2006 will in that case amount to 1.5 per cent. The decline in new construction will be greater, but renovation will increase and balance out the trend in construction. According to the Federation of Norwegian Construction Industries BNL, the number of residential start-ups in 2003 remained at the previous year's level and amounted to 22,487 residential units. During the next two years, residential renovation will increase at a rate of 2 per cent, while other types of building repair works will grow at a rate of 3 per cent. The largest current offshore investment is ongoing at the Snöhvit gas field.

Denmark

In January, Nordea assessed that Denmark's economy is growing moderately, with private consumption and domestic demand as the engines of growth. Disposable income will increase thanks to tax relief in 2004–2007. Investments will grow by 3.3 and 3.7 per cent during the present and the next year. Exports are also forecast to strengthen during the upcoming two years. Last November, Euroconstruct estimated that the Danish building construction market will see stable growth of 2.4 per cent per year from 2004 to 2006. Residential production will rise by about 3 per cent and other types of building construction by 1.7 per cent annually. The slowest increase is seen in industrial facility and office construction. Growth in new construction outpaces renovation. The number of new residential start-ups will rise steadily from last year's figure of 20,000 residences to 21,500 in 2006. In its forecast released in February, the Danish Construction Association estimated that growth will amount to 4.5 per cent this year. Activity is centred around Copenhagen and other large cities.

Baltic countries and Russia

Growth in GDP and investments in the Baltic countries and Russia significantly outpaces the Nordic countries. Nordea predicts that GDP growth this year and the next will amount to 5.2 and 5 per cent in Russia, 4.9 and 5.6 per cent in Estonia, 6.8 and 6.5 per cent in Latvia and 7.7 and 7.5 per cent in Lithuania. The Baltic countries' entry into the EU in May will maintain a double-figure investment growth rate both during the present and the next year. Nordea predicts that investments in

Russia will grow by 9 per cent during the present year and by 6 per cent the next. The greater affluence of the middle class has strengthened demand for residences in the metropolises, such as in Moscow, St Petersburg, Tallinn and Vilnius.

Market outlook for Building Systems

The outlook for YIT Building Systems' business functions is largely based on assessments of the trends in the construction and property services market in Finland, Sweden, Norway and Denmark and the order backlog for industrial investments and shipyards.

The value of total construction output in the Nordic countries was EUR 74 billion last year. Each Nordic country accounted for about one-quarter of this figure. In its forecast last November, Euroconstruct estimated that construction will grow by 2–2.5 per cent on average annually in the Nordic countries in 2004–2006. During the next three years, growth will be most rapid in Sweden and Finland, while it will be moderate in Denmark. Construction will decline slightly in Norway in 2005, but grow during the other years. Nordic residential construction will grow, while other types of new building construction will increase slightly. There will be growth in repair works and civil engineering. The demand for building systems as part of construction works will rise in 2004–2006.

The trend in the value of facility management is stable. Growth is generated by new user services. The outsourcing trend is continuing in property services.

During the past two years, demand for capital investment services for industry has been overshadowed by the slight order backlog for industrial investments and the marine industry in all of the Nordic countries, which is the result of slow economic growth and low industrial capacity utilization ratios. It is estimated that investments will increase moderately in all the Nordic countries both during the present year and the next. The construction of Finland's fifth nuclear power plant, the construction of the extension to Fortum's refinery in Porvoo, Finland, the construction of the Snöhvit gas field in Norway and other projects will call for a significant volume of construction, building system, industrial piping and electrical works during the next few years. The outlook for industrial maintenance is good.

Growth in the maintenance business imparts stability to the annual trend in YIT Building Systems' net sales. In 2003, the maintenance and servicing business accounted for 59 per cent of YIT Building Systems' net sales.

YIT's outlays grow on the Russian residential market

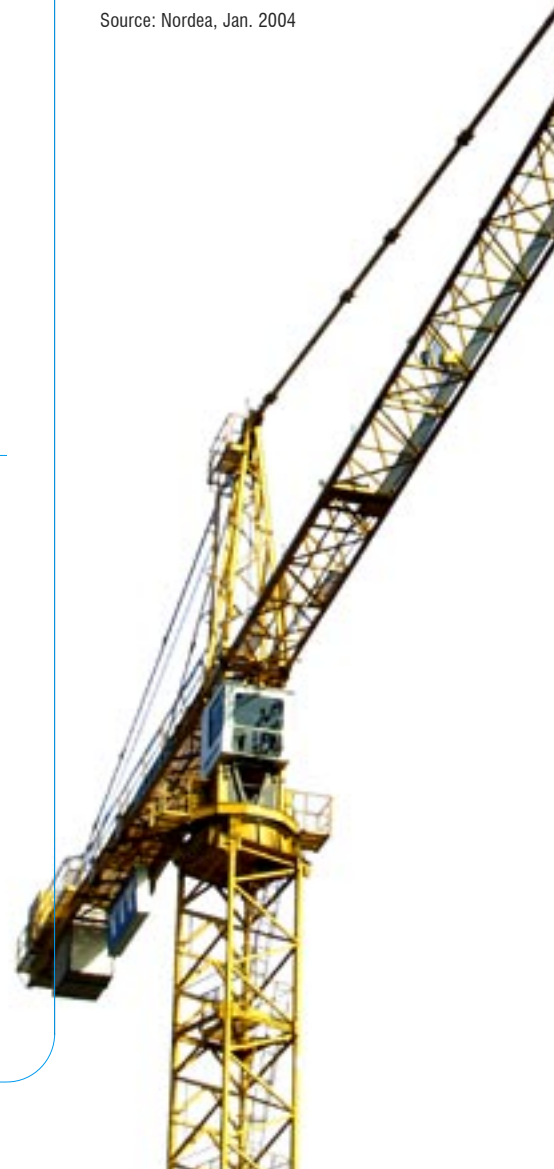
The rapid growth of the Russian economy has led to higher demand for non-rental housing. YIT has stepped up its outlays on the Russian housing market, especially in the St Petersburg and Moscow regions. Plots in good areas have been acquired for residential construction. A joint venture named YIT Ramenje has been established to handle residential construction in the Moscow region. In 2004, it will start up the construction of about 1,400 residential units. YIT will start up the construction of a total of about 3,000 residential units in Russia and Baltic countries in 2004.

Growth estimates in YIT's market territories

	GDP %		
	2003	2004	2005
Finland	1.7	3.2	3.5
Sweden	1.5	2.5	2.9
Norway	0.3	2.8	2.2
Denmark	0.2	2.3	2.4
Russia	6.7	5.2	5.0
Estonia	4.4	4.9	5.6
Latvia	7.1	6.8	6.5
Lithuania	8.1	7.7	7.5

	Investments %		
	2003	2004	2005
Finland	-1.1	1.8	3.5
Sweden	-1.7	2.3	6.1
Norway	-0.1	2.9	2.3
Denmark	-3.1	3.3	3.7
Russia	12.0	9.0	6.0
Estonia	12.7	11.0	8.0
Latvia	16.3	17.0	15.0
Lithuania	12.6	18.0	18.0

Source: Nordea, Jan. 2004



Building *a good living environment*



Making every effort to ensure employees' job satisfaction and professional expertise, generating financial benefits for customers and society in general, and taking environmental perspectives into consideration are all part and parcel of YIT's day-to-day operations. Our mission is to build and maintain good living environments for people. To fulfil our mission, we rely on competent and enthusiastic people, the continuous development of operations, an awareness of our social role and the management of environmental impacts – in short, responsibility in all our operations.

The company's management and employees are committed to following principles that reflect our operating procedures. The annual key results that the entire Group seeks to achieve are set on the basis of jointly agreed values. Strategic planning accounts for the unique characteristics of each of the business segments and sets objectives for the development of business operations and responsibility. Alongside our earnings trend, we keep track of the realization of objectives that fall within the scope of our corporate responsibility.

The management of quality, safety, health and environmental issues in day-to-day work is promoted by means of operating systems and training personnel. The major instructions have been collected in the EHS Guide (environment, health, safety). Towards the end of the year, we began to expand the guide for use by the entire Group.





YIT'S VALUES**EXCELLENCE IN SERVICE**

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

WELL-RUN COOPERATION

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

CONTINUOUS LEARNING

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

HIGH PERFORMANCE

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

Employees are our resource

YIT is a service company whose operations are labour-intensive. Professionally skilled employees comprise our most important business resource – they enable us to offer top-notch service to our customers and make our society a better place to live. We have taken a proactive stance to ensuring that we will have skilled and motivated employees not only now, but in the future as well.

YIT makes outlays on the development of working communities, personnel well-being, training, opportunities for participation and continuous on-the-job learning. We are devoted to taking care of personnel well-being and safety, and provide comprehensive occupational health services.

Personnel increases to 22,000

In 2003, the YIT Group employed an average of 16,212 people. After being acquired by YIT, the Building Systems business functions were transferred to the company on August 29, 2003, and at the end of the year the Group had 21,939 people on its payroll. Of the employees, 55 per cent work in Finland, 20 per cent in Sweden, 12 per cent in Norway, 5 per cent in Denmark, 5 per cent in the Baltic countries and 3 per cent in Russia.

The average age of our Finnish employees is 43 years. Of them, 91 per cent are men and 9 per cent women. A equality plan is being written to ensure gender equality within the Group.

YIT's objective is to increase the number of long-term employment relationships and improve the commitment of employees. The average duration of a stint of employment with YIT is 12 years in Finland. Employees who have been with the company for a long time are awarded years-of-service bonuses. Career advancement opportunities are offered by means of job rotation and supporting internal mobility. Many of the re-alignments in unit management and the organizational structure have been carried out through internal reforms.

Focus on working communities and people management

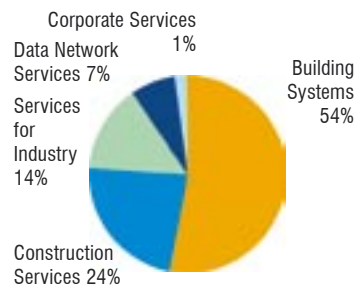
The trend in job satisfaction and workplace climate is monitored by means of annual personnel studies. Following the Business Systems acquisition, a workplace climate questionnaire study was carried covering all YIT personnel. On the whole, the results had not changed greatly, but had weakened slightly compared with the previous years. The factors that were considered to be good by the employees were policy choices, values, customer focus and quality. The majority of YIT employees also feel that their capabilities are being used well. The factors needing most improvement are monitoring and development. Unit-specific results are examined jointly. On the basis of these results, development measures are decided on.

During the report year, Services for Industry organized a large-scale "Together We Can Do It" tour geared towards both forging a working community that can effectively pull together as a team and collecting feedback on job satisfaction. Development efforts made significant headway at Industrial Maintenance thanks to events held at individual business locations, and many subareas of personnel management were improved by means of an approach that gives employees a participatory role in corporate performance. Cooperation with Pension Insurance Company Ilmarinen in the Motivo process continued for the fourth year running; Motivo aims to achieve tangible improvements in occupational fitness and personnel well-being as well as elicit commitment to YIT's values.

Over 180 people have participated in the Supervisors as Unit Developers coaching programme that was kicked off in the autumn of 2002. The programme aims to develop capabilities for practical supervisory work in the Group's business units and promote the culture of continuous development, in which solutions are sought together on a case-by-case basis.

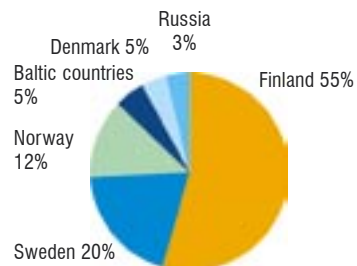


Personnel by segment Dec. 31, 2003



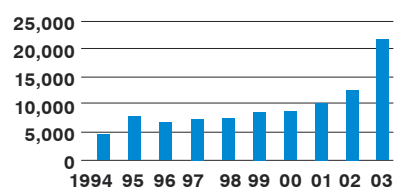
Total: 21,939 people

Personnel by country Dec. 31, 2003



Total: 21,939 people

Personnel Dec. 31, 1994-2003



YIT supports its employees' leisure time activities through regional personnel associations and contributes to the costs of their fitness activities within a Finland-wide network of fitness centres and sports facilities. The working communities develop operating models to improve the dovetailing of work, education and personal leisure time.

1

Management by objectives is YIT's chosen management method. Supervisors hold regular performance evaluation and development discussions with their subordinates. During these discussions, the past period is evaluated and personal objectives are set for the next period. Most salaried employees may also receive performance bonuses when objectives are achieved. Efforts to expand the management by objectives system to encompass YIT's entire organization were started up towards the end of the year.

Employees are offered the opportunity to participate and have a say in the management groups of the business functions and in the cooperation groups. Employees are encouraged to display initiative and make improvement suggestions. YIT supports this with its Apropoo system and suggestion bonuses. Implemented suggestions have been utilized over unit boundaries. Work methods and solutions are developed further to ensure competitiveness and improve quality.

Extensive orientation for new employees

Welcoming and orientation events are held regularly for new employees. In addition, an online study environment was launched in the autumn of 2003.

After the acquisition, steps had to be taken to introduce the Building Systems personnel to YIT's operations. To increase knowledge of YIT, events were held for the new employees to familiarize them with the Group's operations, services and culture. At the very beginning of September, a massive event called YIT Powerday was organized in Denmark. In addition, the company held regional YIT Days. In Finland, there were 21 YIT Days in which all Building Systems employees participated. Regional days were held in November in Norway and orientation activities in Sweden were started up at the beginning of the present year.

At the very beginning of September, a huge YIT Powerday event was held in Denmark. Regional YIT Days were also held.



Ensuring expertise is part of *risk management*

YIT's business operations hinge on expertise and service. Seeing to it that the company has the best employees on its payroll comprises part of the risk management process whereby successful operations are ensured. An important reason behind the acquisition of Building Systems was the high-calibre expertise of the acquiree's personnel.

YIT Competence Centre's task is to promote the best practices and develop them further. Joint projects to promote development work and upgrade expertise are carried out both within YIT and with external parties. To ensure competence and identify training needs, we use competence surveys, which provide information on the current expertise within the organization and the competence types that need to be beefed up now and in the future.

In 2003, YIT started up its first own international coaching programme in business management to support the shared management culture and promote interaction in our multi-business, international Group.

The number of people to complete vocational and specialized vocational degrees rose by 110 and now there are a total of 762 such people. New participants in coaching leading to a degree numbered 186. Personnel participation in such coaching has been very motivational and has led to results.

Services for Industry took part in the "Development of welding at nuclear power plants" project coordinated by the Welding Society of Finland, which seeks to upgrade expertise in orbital welding – the welding of pipes and cones during which the welding head rotates around the object. This project will most likely lead to a national project lasting several years.

Competence and information transfer processes, along with IT tools that might be used to facilitate them, were studied and developed in the Promobat project funded by Tekes, the National Technology Agency of Finland. The project is still ongoing. The company's ability to carry out innovation activities and improve them systematically were studied in an ongoing project carried out with the Tampere University of Technology and numerous other companies.

A record number of trainees and summer employees

Particular attention is paid to the future availability of labour. YIT participates in student events and offers young people opportunities to participate in on-the-job training and complete theses and diploma projects. We are also represented in the advisory committees of many educational institutions, on which we participate in discussions of their activities, the development of the field's education and student volumes.

In 2003, numerous theses and diploma projects were completed at YIT and there were slightly over 800 trainees and summer employees during the year. In future, we will seek to offer summer jobs to former trainees and regular employment to graduates.

Continuous efforts are devoted to developing contacts with educational institutions and the units engage in practical cooperation with local educational institutions, such as by means of on-the-job learning periods.

Services for Industry is trying to pique the interest of young people towards the field, particularly the metals industry. YIT representatives tour educational institutions all over Finland telling about work and job opportunities in the field to students who are about to graduate from comprehensive school. Data Network Services also made cooperation agreements with many vocational education institutions in 2003.



YIT was involved in the delivery of massive floating oil and gas production units to the Gulf of Mexico.



23,500 people visited the NextStep job and training fair.



YIT seeks to offer summer jobs to former trainees and regular employment to graduates.

Safety is monitored and *accidents examined*

The goal of YIT's safety management is Zero Accidents. In order to achieve this goal, Construction Services aims to reduce accidents by 15 per cent annually, while Services for Industry seeks to halve the number of accidents. These aims were achieved in 2003.

Safety levels are monitored using accident statistics. TAVA, a real-time system for accident statistics, was deployed in 2002. The revisions required by the European statistics system EuroStat were implemented into the system during the report year. The system also makes it possible to report on and examine dangerous situations and close calls.

At construction sites, TR measurements are used to gauge the safety level of building construction and MVR measurements to assess the safety of earthworks. These measurements are made at least once a month. In Construction Services, the number of sites that were found to be appropriately safe in 2003 rose to 91 per cent on average from the previous year's figure of 88 per cent.

Large outlays on safety training

Personnel are trained continuously so that the set safety levels can be reached. In 2003, a video entitled "Yhdessä ilman tapaturmia" ("Together, We Can Avoid Accidents") was completed. The video seeks to influence behaviour and attitudes towards safety.

Occupational safety issues are an important part of vocational education. In addition, YIT arranges separate road safety and traffic behaviour courses, training for scaffold builders, electrical safety training, as well as basic and advanced training in hot work. Safety training for work supervisors includes safety management competence training, which familiarizes the students with the management of key issues in the safety of construction site functions. Training leads to competence in YIT safety management.

Nationwide occupational safety card training has been developed in Finland to ensure a consistent concept of safety. Industrial customers and many construction companies demand that those working on their premises have the card. During the report year, about 2,000 YIT employees completed safety card training.

Partition worker Heikki Mäkelä at the Tilkka residential construction site in Helsinki



Health care is *part of well-being*

The aim of YIT's occupational health services is to contribute to improving occupational fitness and wellness in the working community. The provision of occupational health care for personnel covers not only legally required health services but also medical care by general practitioners. YIT has an extensive network of contract centres providing occupational health care and physicians' services. After the acquisition was consummated, YIT's occupational health services played a part in creating a consistent occupational health care system in Finland.

The state of personnel health is tracked with sick-leave statistics. Attempts are made to ease the working conditions of incapacitated persons and make it easier for the chronically ill to return to work by reducing the amount of time required to get into care, customizing tasks in accordance with the employee's physical ability and occupational fitness and by guiding employees into occupational rehabilitation when necessary.

During the report year, occupational health care focused on mental well-being and ergonomics. Occupational health service providers participated in personnel training events and the activities of the working communities and dealt with on-the-job stamina, promoting cooperation and reducing physical burdening. With Pension Insurance Company Ilmarinen, we continued the Motivo process, which focuses on the implementation of tangible action suggestions promoting occupational health through cooperation with development groups, management, occupational safety officers and occupational health service providers.

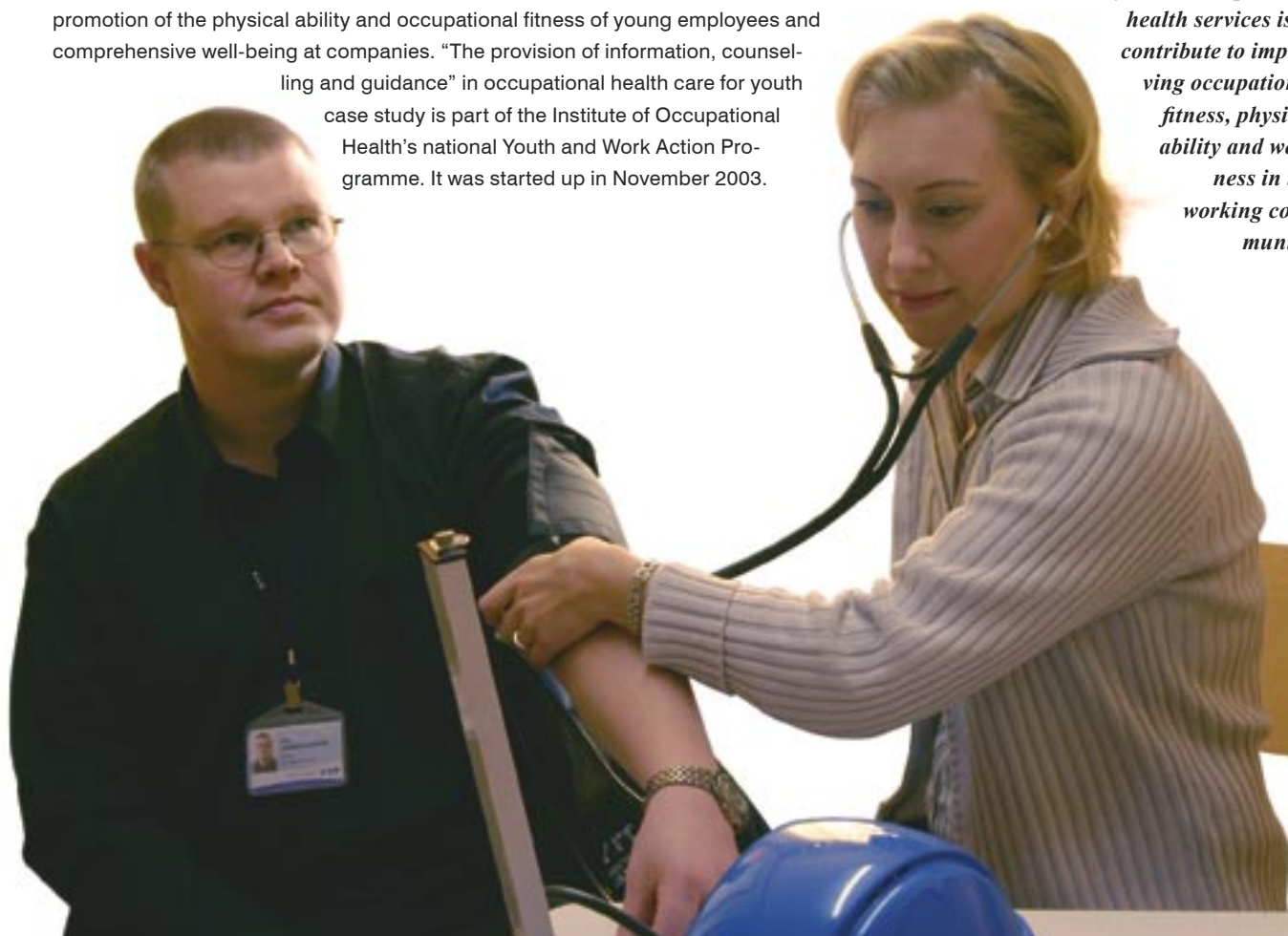
The maintenance of occupational fitness was promoted with various fitness courses and occupational fitness courses were organized to create opportunities for remaining in the workforce. YIT has now organized Aslak rehabilitation for 13 years and all those who have completed the course are given the chance to participate in follow-up meetings and in so doing keep track of their state of health and well-being.

Services for Industry and Building Systems participated in a study organized by the Finnish Institute of Occupational Health that was especially geared towards the promotion of the physical ability and occupational fitness of young employees and comprehensive well-being at companies. "The provision of information, counselling and guidance" in occupational health care for youth case study is part of the Institute of Occupational Health's national Youth and Work Action Programme. It was started up in November 2003.



Carpenters exercising during their break. On the left, Markku Immonen, and on the right, Matti Valtonen.

The aim of YIT's occupational health services is to contribute to improving occupational fitness, physical ability and wellness in the working community.



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High performance also means *shouldering our corporate responsibility*

2



Virtual modelling enables customers to navigate through a computerized 3D model that shows what the area, site or individual premises under construction will look like when completed.

One of YIT's values is High Performance. Taking care of our social responsibilities is an integral part of this value. We continuously develop our operations to better meet the needs of our customers. We carry out projects for the public sector and seek, through our operations, to promote the development and welfare of our society.

Persons in the Group's employ participate actively in the development of their respective fields of business through employers' and industrial policy organizations and their Boards as well as in other institutional bodies and working groups. YIT people are also members of many of the associations representing our fields of business. The YIT Group has also played a key role in the preparation of the field's joint "corporate responsibility in construction" programme.

Development efforts to meet customers' needs

YIT's objective is to forge long-term customer relationships in which confidentiality is maintained. We monitor customer satisfaction on a regular basis and hone our operations in line with the feedback received. We can offer the best benefits to customers when operating practices and quality can be developed in close cooperation.

The development of customer expertise was continued in the area of working environments and residences. Under the Business Park solution, YIT offers a range of office services to meet the needs of business premise users. A new flexible housing corporation loan was introduced for homebuyers. Individual residential conversion services and senior citizens' services were developed. The development of YIT Home telecommunications solutions continued and YIT participated in the Smart Home project in which the needs and expectations of residents concerning smart homes were studied. This was a joint project of the Tampere University of Technology and numerous companies.

The virtual modelling of construction sites was developed further. With virtual modelling, the customer can navigate through a computerized 3D model that shows what the area, site or individual premises under construction will look like when completed. Many new virtual regional models were presented at homebuyers' meetings.

In the case of data networks, a technical helpdesk service portfolio for user equipment was developed in cooperation with customers. Thanks to this cooperation, customers could launch turnkey solutions including not only the connection, but also an operational user equipment environment. Among the products that were brought to market were ADSL connection products comprising the delivery or deployment of a workstation or a more extensive user equipment package. Such technical support services were developed for local-area networks (LAN), workstations, telephone systems and other applications.

In association with food industry customers and partners, YIT participated in the Tekes-funded HYGILA project (Hygienic Equipment in the Food Industry), which dealt with the control of listeria bacteria.

Cooperation is needed in technology projects

YIT aims to retain its position as the technological pioneer in its fields of business. Technical development is supported by networking with the leading companies and research institutes in different fields.

The eProMan system developed by the acquired Business Systems functions was, for YIT, a new system for life cycle and partnership management. In 2003, eProMan received an honorary mention in the "Best Functions" competition held in Finland by the Finnish Real Estate and Construction Cluster's Vision 2010.

eProMan is an Internet-based operating environment that supports a company's core processes. It enables a networked business model, consistent documentation and the open flow of information. The system helps to upgrade the efficiency of property and project management. With eProMan, agreed-upon partners and customers can access information that is important to them via the Internet. YIT uses eProMan in Finland and Denmark and it contains over a thousand projects.

During the report year, YIT brought to market the first information channel utilizing a digital TV network that can also transfer and store data on residential analog TV sets. The system offers housing corporations their own TV station and enables fast, real-time communications. Content can be produced for the channel over the Internet by the property owners, building managers and residents as well as by parties such as public sector bodies and private service providers. The system has now been launched at the first residential sites and YIT will pilot it in its residential construction. In addition to properties, the technology can be used in applications such as outdoor advertising and information boards.

YIT Smart continued its development work to provide customer-focused operating methods and services for the entire life cycle of buildings. The YIT Smart Office project packaged building system solutions for business premise construction as products and the YIT Interactive Home programme developed a multimedia handbook for homes, enabling the residential unit-specific control of building systems. Tekes has provided assistance to both of these projects.

YIT's residential construction is piloting a system that enables a housing corporation to have its own TV station.



eProMan, developed by the Building Systems business is, for YIT, a new system for life cycle and partnership management.



2



Logistics comprises one of the focus areas of the development of YIT's operations.

Orbital welding is the welding of pipes and cones during which the welding head rotates around the object.

Development in Industrial Maintenance was continued in the framework of the KPLOG (models for maintenance material logistics) project that began in the spring of 2002. The first interim report on the project was completed in the year under review. On the basis of this report, YIT specified the development sites to be implemented. The KPLOG project is part of Tekes's ELO (e-business logistics) technology programme. It is being implemented under the leadership of YIT Service and funded by Tekes and the companies that are on board. The project aims to find new operating models for the delivery chains of maintenance materials within the delivery network and for companies in the chain. In addition, the project intends to generate new information for the industry on the current state of maintenance materials logistics and future needs in a situation where the maintenance functions of many customers have been centralized in the hands of a network company providing maintenance services.

YIT is one of the global pioneers in the development and utilization of product model technology. The development of product model-based design, cost calculation, procurement and production control applications was continued under the names YIT Pro and Cove (Cost and Value Engineering). The objective is to improve data transfer, quality and the cost-efficiency of processes during the different stages of a project. Attempts are made to get all the information required during the construction process from the product model – a three-dimensional plan drafted by an architect – directly into the use of process functions, such as cost calculation, procurement and production.

In the case of Data Network Services, outlays were made on boosting the efficiency of production operations and improving cost-effectiveness. Work methods were developed with production and operating descriptions. In order to monitor and develop trends in the field, active contacts were maintained with parties carrying out research and training in the field, equipment manufacturers and the clientele. The next significant development plan was fine-tuned towards the end of the year; the plan aims to achieve greater efficiency in production control and develop the potential for recording performance units regardless of one's location and creating direct data transfer connections to the operative systems of customers to boost the effectiveness of joint operations.

The use of the new resource management system became established at Services for Industry during the year ended. The system enables more efficient on-demand employee mobility and improved response to peak workloads.



Partner to *the public sector*

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Projects carried out for the public sector enable the organization in question to focus on its own core operations. YIT builds schools, day care centres and other such facilities for municipalities and the state, attends to the maintenance of infrastructure and properties, and implements water and waste treatment plants and landfills. YIT is Finland's leading private contractor in road maintenance.

In regional development projects, YIT works with the landowner as the city's strategic partner in regional development, teaming up to develop the themes and identity of the area, eco-efficient implementation and maintenance during the entire life cycle, ensuring that the interests and viewpoints of all the parties are accounted for in the practical implementation of the project. Tools for achieving open interaction with present and future residents have been developed with the Centre for Urban and Regional Studies of the Helsinki University of Technology.

Together with different parties, YIT has developed operating models that impart flexibility to investments by public sector bodies and make it possible for them not to have to invest capital into the project. In public-private-partnership projects carried out by the public and private sector, it can be agreed, for example, that the financing company that owns the building will rent the premises to the public sector body for an agreed period of time. The public sector body does not become the owner of the building erected for its needs nor does it have to continue the lease or buy out the property after the end of the lease period.

An extensive network of business locations supports local development

YIT operates in eight countries and has about 450 business locations. Our business operations are very local and labour-intensive. YIT's network of business locations covers all of Finland, Sweden, Norway and Denmark. The company's positive development and growth offer services and jobs, thereby supporting local development.

Data Network Services, operating all over Finland, supports the country's aim of evolving as an information society and offering all its citizens equal opportunities for participating in its development. Data Network Services is also capable of operating during national crises.



A project named Kumpulan Atrium in Helsinki is being implemented using a model in which the life cycle responsibility for the property is in the hands of the builder for a considerably long time. This model lightens the public sector body's burden of ownership and responsibility for maintenance. The set of agreements signed by Senate Properties and YIT includes the design, construction, financing and ownership arrangements of the site, along with 30-year life cycle responsibility.



All functions in Oulu were housed in a new YIT Centre. Shared premises aim to generate synergy benefits and improve the provision of end-to-end services.

Responsibility for *the environment*

When building a good living environment, you must respect the environment. The company acquires information on environmental impacts through its own research projects and by participating in national projects; this information is used in the development of the company's own operations and projects.

Each YIT employee is responsible for the environmental impacts of his own work and activities. The personal achievement of environmental objectives and compliance with instructions is ensured during performance evaluation and development discussions, for example. YIT Kiinteistötekniikka within Building Systems business segment, and YIT Industria, which offers capital investment services for industry, have ISO 14001 environmental certificates as proof of the environmental soundness of their operations.

YIT takes on responsibility for life cycle costs and environmental impacts

Following the Building Systems acquisition, YIT's service range expanded and the share of YIT's net sales accounted for by its maintenance business is estimated to rise to about 30 per cent at the annual level. YIT's service chain encompasses the entire life cycle of projects. As the company can offer a wide range of services during the life cycle of a project, life cycle costs and characteristics can be managed with greater efficiency.

In its life cycle services, YIT calculates the life-cycle costs and environmental impacts of the project it is implementing and takes on responsibility for them for a certain period of time, such as 15–25 years. When calculating life-cycle costs (LCC), the investment, usage, maintenance and disposal costs over an agreed period of time are optimized. In life-cycle analysis (LCA), the environmental issues and potential environmental impacts of a product, system or the entire property are considered over an agreed life cycle.

In 2003, examples of such projects in Finland included the Kaivomestari upper secondary school in Espoo and the Citymarket Seppälä in Jyväskylä. The project to build business premises for the Finnish Meteorological Institute and the Finnish Institute of Marine Research in association with Senate Properties also includes life-cycle responsibility for the property for 30 years.

Energy conservation for free

Following the acquisition of Building Systems, energy conservation was added to YIT's business portfolio. In operations in line with the ESCO concept (Energy Service Company), YIT carries out an investment leading to energy conservation on behalf of its customer. The investment is repaid with the savings it generates and thus does not need to be funded by the customer. The concept is rapidly gaining ground worldwide, because it imparts improved profitability in operations while reducing the environmental load caused by energy use. Business specializing in energy conservation is new in Finland. In Finland, YIT has carried out projects involving the reorganization of ventilation and heat recovery at sites such as the Impivaara swimming hall and the laundry service of the City of Turku.

Wastewater treatment plants improve the state of the Baltic Sea

The construction of St Petersburg's southwestern wastewater treatment plant continued in 2003, carried out by SWTP Construction Oy, a consortium established by YIT, NCC and Skanska. The project is the most important environmental protection project to improve the state of the Gulf of Finland and the Baltic Sea. Once completed, the plant will treat the wastewater of over 700,000 people. YIT is also refurbishing and expanding the Sestroretsk wastewater treatment plant in St Petersburg. Both



The construction of St Petersburg's southwestern wastewater treatment plant continued in 2003, carried out by SWTP Construction Oy, a company established by YIT, NCC and Skanska. The project is the most important environmental protection project to improve the state of the Gulf of Finland and the Baltic Sea.





A new Directive on Energy Efficiency has come into effect in the EU, as a result of which new buildings will be required to have energy efficiency certification as from the beginning of 2006.

plants will, upon completion, fulfil the quality criteria set for treated wastewater by the Baltic Marine Environment Protection Commission (Helsinki Commission, HELCOM) and their inauguration will have a direct effect on the quality of the waters of the Gulf of Finland and the Baltic Sea.

In Latvia, YIT started up the construction of a wastewater treatment plant and the refurbishing of a sewer network in Jelgava and began to build a service water iron removal plant, a well field and pipeline in Ventspils. In Lithuania, YIT has built a wastewater treatment plant in Siauliai.

All these YIT projects in Russia and the Baltic countries receive funding from EU and Nordic institutions providing finance for development and environmental projects.

Upgrading the energy efficiency of residential buildings

By far the largest share of the environmental load caused by buildings results from the energy consumed in them during their life cycle. For this reason, upgrading energy efficiency is the primary focus in reducing emissions. The most important environmental factors related to the structures are the durability and modifiability of the solutions employed.

Energy efficiency requirements guide the design of buildings. New energy regulations came into force in Finland in the autumn of 2003; buildings made in line with these requirements will consume 20–30 per cent less energy during their life cycle and generate a quarter fewer carbon and sulphur oxides than older buildings. YIT examined energy-saving construction in numerous trial construction sites before the new regulations came into force. At these sites, energy consumption is below the requirements of the new regulations.

A new Directive on Energy Efficiency has come into effect in the EU, as a result of which new buildings will be required to have energy efficiency certification as from the beginning of 2006. YIT will participate in a national Finnish development programme seeking methods for fulfilling the requirements of the directive. Development efforts lay the foundations for improvements in the energy efficiency of buildings by defining energy efficiency indicators and developing methods for calculating them. Projects concerning the energy certificate and regular inspections will be started up in tandem with this project.

Solutions for building durability are created when architectural design commences. The key to good design is to avoid design solutions that endanger structural durability and to opt for long-lived materials that age well. However, it is not always possible to avoid risky design solutions in construction. In such cases, the work site quality system identifies and analyzes the risks, and particular care is taken during work stages that are prone to defects.

Waste treatment is everyone's business

Management of waste issues is developed in association with customers and environmental authorities in line with local waste management regulations. Personnel training takes direct environmental impacts into account and discusses matters related to sorting and material emissions.

In February 2003, a new Directive on Electrical and Electronic Equipment came into force in the EU. It deals with the recycling of such equipment and restricts the use of poisonous substances, such as lead and quicksilver, in telecommunications devices. YIT's Data Network Services began to sort electrical and electronic components from scrap metal in 2003. Together with customers, it is ensured that components containing hazardous substances which are removed from dismantled telecommunications equipment are appropriately delivered for recycling.

YIT plays a strong role in investments by Finland's waste treatment plants. Landfill gas pumping and incineration stations have been supplied to YTV and numerous large waste treatment plants are being developed in various parts of Finland. In Sweden, YIT has implemented many biowaste digestion plants using technologies that have piqued interest in Finland as well. Biogas plant operations can be augmented by utilizing the gas to create electricity, heat or even vehicle fuel. As EU directives become more stringent, there will be a greater need for waste pre-treatment plants and incineration waste treatment plants.

Minimizing salt use

YIT is Finland's leading private road maintenance contractor. We maintain about 6,000 kilometres of main roads. The use of salt is essential in preventing slipperiness – but the excessive use of salt is environmentally detrimental. YIT seeks to minimize the amount of salt used through the proper planning of works and their careful scheduling and by anticipating changes in the weather, using high-grade equipment and relying on professionally skilled employees.

One of the focus areas in vocational diploma education in infrastructure is preventing groundwater pollution. In such education, one of the topics is finding the optimal amounts of anti-skid substances to use. The calibration of machines and equipment is studied in a hands-on manner and, at the same time, the wider environmental effects of different materials are considered.

Achieving short transport distances

At YIT's own sites in particular, efforts are made to use excavated soil and rock as efficiently as possible at the site itself, such as by crushing the rock and using it for filling. Surplus usable soil and rock are transported to another close-by site. Soft excavated earth, which in itself is not suitable for structural filling, is used for landscaping or sound barriers. Weak soil can be strengthened via stabilization so that it is suitable for construction; thus otherwise unsuitable soil does not have to be transported unnecessarily.



YIT Building Systems offers a complete range of building services and systems covering the entire life cycle of properties. It provides design, contracting, maintenance and servicing for all types of building systems, property maintenance, business premise services, and telecom and industrial services and system deliveries locally in all the Nordic countries, the Baltic countries and Russia.



YIT's largest business segment in terms of personnel



The Building Systems business segment is divided into Finnish, Swedish, Norwegian and Danish functions. The Finnish functions also include operations in the Baltic countries and Russia. In 2003, the net sales of the business segment amounted to EUR 681.0 million (EUR 341.2 million). The maintenance and servicing business accounted for 59 per cent of its net sales. The business segment posted an operating loss of EUR 19.7 million. At the end of the report year, its order backlog amounted to EUR 502.3 million. In terms of its payroll, Building Systems is YIT's largest business segment. At year's end, it had 11,812 employees.

The business segment is created through an acquisition

YIT's Building Systems business segment was created when YIT purchased from ABB, on July 4, 2003, its Building Systems operations offering building equipment systems, property and industrial services in Finland, Sweden, Norway, Denmark, the Baltic countries and Russia. After the acquisition had been approved by the competition authorities at the end of August, YIT assumed ownership of the business functions on August 29, 2003.

The acquired business functions rounded out YIT's building system services. In Finland and Sweden, YIT's expertise in plumbing and heating technology was supplemented by the acquiree's expertise in electricity and air-conditioning. Entirely new markets opened up for YIT in Norway, Denmark, the Baltic countries and Russia. All of YIT's business operations in building systems, property services and their maintenance have been centralized within the Building Systems business segment.

Product and services

BUILDING EQUIPMENT SYSTEMS

In building equipment systems, YIT's service range includes services for heating, plumbing, air-conditioning, electricity and automation systems over the entire life cycle of a property. These services are offered to property owners and users, property service companies and building managers, and developers and construction companies.

SECURITY TECHNOLOGY

Security technology services include sprinkler, fire alarm and extinguisher systems as well as electronic security services such as access control, video surveillance and burglar alarm systems and corporate security services. Security technology is offered to the same customers as building equipment systems.

PROPERTY SERVICES

Property services include property management, maintenance and servicing. Property services are primarily offered to property owners and building managers.

SERVICES FOR INDUSTRY

Services for industry mainly involve electrical, automation and ventilation installation works for industrial customers. In addition, the service range includes electrical and automation installation works for ships and, in Sweden and Norway, process piping and tanks for industry as well.

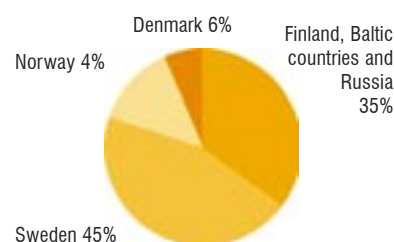
DATA NETWORK SERVICES

Outside Finland and Sweden, Building Systems offers the same data network services that Data Network Services business segment offers in Finland. The services also cover the data networks of properties.

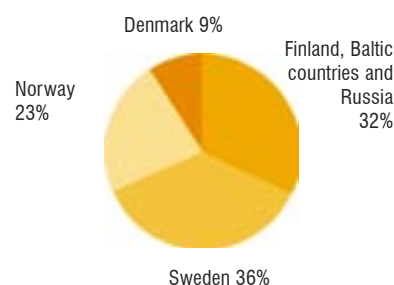
Key figures, EUR million

	2003	2002
Net sales	681.0	341.2
Operating profit	-19.7	
% of net sales	-3%	
Order backlog, Dec. 31	502.3	140.6
Personnel, Dec. 31	11,812	2,800

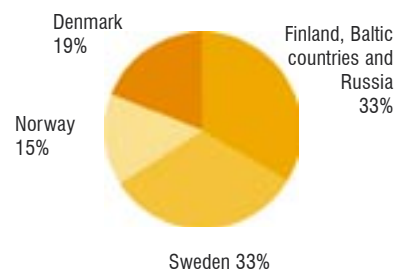
Net sales



Personnel



Order backlog





YIT's visual image was deployed everywhere immediately at the beginning of the autumn.



YIT supplied electrical and automation installation for the world's second largest Mariner of the Seas cruise ship.



Maintenance worker Juhani Hatakka spreading sand on access paths at Borealis Polymers' factory site in Porvoo.

A significant growth area that supports YIT's other service offerings

In YIT's strategy, building systems are an important growth area in all of the Nordic countries. The share of construction costs and repair and maintenance works on the existing property stock accounted for by building systems is rising, while the amount of automation and telecom technology included in building equipment and systems is increasing. It is estimated that, following the acquisition, the share of the Group's net sales accounted for by the maintenance business will rise to about 30 per cent at the annual level and that YIT's service network provides full Nordic coverage.

Persistent development of profitability

2004 is a challenging year for the Building Systems business segment. The primary objective is to improve cash flow and cost-efficiency. The profitability of operations is developed persistently and in line with the Group's principles of profitable growth. It is expected that Building Systems' result will have a positive effect on consolidated earnings in 2004.

Integration phase progressing according to plan

The aim of the integration stage is to establish, drawing on the country-specific terms of reference, a framework in which the leading building system services company in the Nordic countries, Baltic countries and Russia can operate as a seamless whole. The integration started at the beginning of September and has progressed in accordance to plans. The integration objectives set for the first 100-day period have been achieved for the most part.

Business functions have continued without hitches in the various countries and YIT, as the new player, has been well-received by the customers and media. In order to improve YIT's brand recognition, the company's visual image was deployed everywhere immediately at the beginning of the autumn. Dozens of events were held for personnel in which they were familiarized with YIT's operations and values. The meshing of financial and IT systems has progressed on schedule. The acquiree's financial systems and reporting are now already compatible with YIT's systems. The company seeks to complete the main elements of IT standardization by the end of February and see the rest of the process to its conclusion by the end of August.

In many countries, the integration has progressed such that operations can already fully focus on the development of new products and services and the improvement of expertise and customer service.

Assessing the best practices and synergy benefits

It is possible to achieve major synergy benefits – that is, financial and operational gains – by combining operating methods and technologies and selecting the best practices. Potential synergies related to procurements, technologies, technical solutions, customers and shared business functions are being assessed by the business segment's international expert groups.

The merger also created immediate practical synergy benefits, which are evident in factors such as higher efficiency in telecom connections, business premises and the Group's support service procurements.

It has been evaluated that YIT will gain about EUR 10 million in annual synergy benefits from the acquisition as from 2004. Integration costs in 2003 amounted to EUR 5.8 million. In 2004, they are estimated to come to about EUR 3 million. The costs primarily comprise information technology, the overhaul of the external corporate image and personnel training.

Cooperation opportunities in the entire business territory

The new building systems functions open up a wealth of opportunities for combining resources in the Nordic, Baltic and Russian markets. The Building Systems business segment has many of the same customers in different countries and its services also support the portfolios of YIT's other business segments.

The Building Systems units share customers with the Data Network Services business segment. In addition, industrial customers can now be offered a broader range of services in many countries. For example, YIT's Danish and Lithuanian functions have already started up cooperation in the marine industry.



Acquisition increases net sales in Finland

In Finland, building system services are offered by YIT Kiinteistötekniikka Oy, whose services encompass building and security technology, property services and electrical installation for industry. YIT Kiinteistötekniikka is also responsible for business functions in the Baltic countries and Russia.

Net sales from building systems increased substantially compared with the previous year thanks to the acquisition of ABB's Building Systems business, and amounted to EUR 241.2 million (EUR 145.4 million). The maintenance and servicing business accounted for 55 per cent of net sales. The earnings trend matched the plans. The order backlog at the turn of the year was EUR 164.3 million (EUR 48.5 million). At year's end, the business segment had 3,819 employees.

Growth in refurbishing, maintenance and servicing

The construction of business premises remained slight in 2003. On the other hand, the building of commercial premises remained brisk and the trend in the construction of new housing was favourable. Refurbishing increased steadily and the trend in demand for maintenance and servicing was positive.

Capital investments by industry stayed low during the entire report year, affecting both industrial services and ship electrification operations.

Life cycle deliveries and end-to-end building equipment system deliveries

In life cycle services, YIT calculates the life cycle costs and environmental impacts of the project it carries out and takes on responsibility for them over a period of, say, 15–25 years. A unique life cycle site was inaugurated in the autumn of 2003: Kaivomestari, which includes the Kuninkaantie secondary school and swimming hall in Espoo. YIT was involved in the implementation of the project and has committed itself to being responsible for its maintenance for 25 years. Similar responsibilities were also included in the Atrium project that YIT delivered for Senate Properties.

An agreement concerning the end-to-end delivery of building equipment systems for the additional building of Parliament House was signed during the report year. In the autumn, a world-class Eagle-series Voyager cruise ship for which YIT supplied the

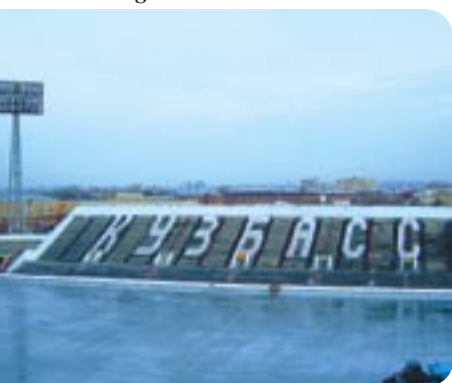
Air-conditioning installers Tomi Pakarinen and Jani Gröndahl became YIT employees as a result of the acquisition.



A unique life cycle site was inaugurated in Espoo in the autumn of 2003: Kaivomestari, in which YIT has committed itself to being responsible for its maintenance for 25 years.



The Valdo deep-freeze storage facility and office complex in Riga



Bandy field ice-making machinery in Kemerovo, Siberia

The new main postal office in Stockholm, Sweden



electrification was completed for the Caribbean market. A process industry electrification and equipment room air-conditioning delivery was completed for Stora Enso in Langerbrugge, Belgium, and an air-conditioning agreement was made with UPM-Kymmene for a paper machine investment in Changshu, China.

The network tool eProMan gains recognition

The network tool eProMan, which was developed and deployed by YIT Kiinteistötekniikka, received an honorary mention in the "Best Functions" competition organized by the Finnish Real Estate and Construction Cluster's Vision 2010. Technology development also led to a pilot project in which YIT brought to market the first information channel utilizing a digital TV network.

Good outlook for 2004

We believe that the demand for commercial construction will remain good in 2004 and that the construction of business premises will remain slight. The construction of new residences will continue at the same level as in 2003. The good demand for the refurbishing of residences and other sites will continue. We expect that the trend in capital investments by industry will become positive, especially in the latter half of the year.

Investments by the public sector will continue to decline in 2004. However, this will open the door to new types of building system concepts. We foresee a good market for maintenance and servicing.

In our view, life cycle deliveries will increase in the future. Our technological expertise and experience in different forms of cooperation and service give us good opportunities for expanding our life cycle operations. Wide-ranging partnership cooperation with customers and other players in the Finnish Real Estate and Construction Cluster's Vision 2010 has laid a sustainable foundation for stepping up life cycle deliveries.

Baltic countries

The largest site in the Baltic countries was the Valdo deep-freeze storage facility and office complex, which was completed in Riga towards the end of the year. YIT handled end-to-end building equipment system deliveries in this project. The units of all three countries – Estonia, Latvia and Lithuania – participated in its implementation.

The Baltic countries' upcoming membership of the EU will stimulate their markets.

Russia

The largest project carried out in Russia comprised the delivery of ice-making machinery for a bandy field in Kemerovo, Siberia.

We anticipate that opportunities will evolve in the Russian market in 2004.

Upgrading of operational efficiency continues in Sweden

In Sweden, building system services are offered by YIT Calor AB and YIT Building Systems AB. Their services encompass building equipment systems, security technology, property services and electrical installation and piping for industry.

In 2003, they had net sales of EUR 305.3 million (EUR 201.1 million). The maintenance and servicing business accounted for 59 per

cent of net sales. The order backlog at the turn of the year was EUR 166.0 million (EUR 92.1 million). At year's end, there were 4,266 employees.

New construction remains slight

The general business climate remained weak in Sweden. Capital investments by industry remained slight, as in the previous two years. New construction and the construction of business premises declined by about 13 per cent compared with the previous year, a decline of 40 per cent since 2000, the peak year (Statistics Sweden and Swedish Construction Federation BI). The largest cities had the most overcapacity.

The largest share of operations in the Swedish construction market comprised refurbishing, renovations, maintenance and servicing. The high vacancy rate of business premises reduced investments. Growth came from residential construction.

Action programme to improve the profitability of YIT Building Systems

When the acquisition was publicly announced, YIT stated that it would start up an action programme to improve the profitability of the Building Systems business functions in Sweden. The main aspects of the action programme were focusing on the core business, reducing fixed costs and downscaling operations to match demand in loss-making areas. The action programme progressed in accordance with plans and the payroll was cut by a total of 320 people.

Changes in the organization

After refocusing on its core business, the organizational structure of YIT Building Systems was realigned. Building Systems' main services and functions were divided into three: electricity, air-conditioning and property maintenance. Consulting services on building systems were sold to the operational management and a letter of intent was signed with Flextronics whereby the data network functions were transferred to Flextronics as from the beginning of February 2004. The downscaling costs, EUR 11.5 million, were recorded in 2003.

In 2003, a decision was made to rename Calor AB to YIT Calor AB. After the change of name, YIT Calor's subsidiaries operate under a shared corporate name. YIT Calor's main products and services are heating, plumbing and sewer installation works and industrial piping.

Comprehensive installation service

The larger YIT has been given a favourable reception on the market. YIT's subsidiaries have held joint customer meetings and presented opportunities for offering end-to-end services on the installation market. Projects in which customers reap the benefits of the synergies of YIT's companies are already being implemented.

Outlook for 2004

It is expected that investments in new construction will remain slight in 2004. It is believed that there will be growth in renovation, refurbishing, maintenance and upkeep. Slight growth is also anticipated in industrial machinery investments (Statistics Sweden and the Swedish Construction Federation BI).

YIT Calor's business volume is not strongly dependent on new investments. It is believed that demand will remain at the same level in 2004 as in 2003. Thanks to the extensive action programme carried out at YIT Building Systems, the company's structure and resources match the present market situation.

YIT carried out electrical works at Norsk Hydro Aluminium's new plant in Sunddal.





Gjensidige NOR's new building, TMV Odden, is an example of a large and demanding total building equipment system project.



Full service coverage in Norway

YIT Building Systems AS offers building system services in Norway. Its services encompass building equipment systems, security technology, property services, industrial electricity and piping as well as data network-related services.

In 2003, net sales amounted to EUR 98.2 million. The maintenance and servicing business accounted for 74 per cent of net sales. The order backlog at the turn of the year was EUR 75.7 million. At year's end, it had 2,719 employees.

Deliveries of building systems for new business premises declined significantly in 2003 due to the contraction in new construction in the Oslo area in 2002. However, construction of new business premises began to pick up again during the last quarter of 2003.

Deliveries for industry

A large share of the business operations comprises electrotechnical services. In 2003, electrical works were carried out at Norsk Hydro Aluminium's new plant in Sunddal. About 150 YIT employees worked on the project. This is the largest aluminium plant project in Europe. Particular attention was paid to environmental considerations. YIT was selected as the electrical works supplier thanks to the company's solid expertise in industrial projects.

YIT designed and implemented HEPAC works for the Avantor construction firm's new energy centre in Nydalen, Oslo. This energy centre is the largest of its kind in Europe and YIT's ability to manage risks was one of the dealmakers when the customer selected the company as its partner.

An energy-efficient electrical and air-conditioning system is part of total building equipment system delivery

An example of a large and demanding total building equipment system project carried out in 2003 is Gjensidige NOR's new building, TMV Odden. Air-conditioning, electrical works, security systems, air-conditioned computer rooms, emergency systems, telecom antennas and piping works were delivered in the project.

A key part of the delivery was ClimaCeil®, an integrated energy-efficient electricity and air-conditioning system developed by YIT in Norway. At the end of 2003, a total of over one million square metres of the ClimaCeil system had been installed.

Service for property maintenance customers

In property services and maintenance, a new service concept entitled Serviflex was introduced in 2003. It offers customers 80 complete service packages. In 2003, a new Call Center service was also opened for property services and maintenance customers.

The range of data network services includes the design and implementation of critical networks and day-to-day functions for customer terminals and systems. YIT is also Norway's largest installer of complete audio-visual systems for training and conference premises.

Markets will recover in 2004

The construction market began to grow at the end of 2003. It is expected that there will be growth in the Oslo area and northern areas of Norway in 2004. Growth in construction operations usually has a knock-on effect on deliveries of building systems after a three to nine month delay.

Growth prospects in Denmark in 2004

YIT A/S offers building system services in Denmark. Its service range encompasses building equipment systems, security technology, property services, industrial and ship electrification as well as data network-related services.

YIT A/S is one of the three largest companies in its field in Denmark. In 2003, its net sales amounted to EUR 36.9 million. The maintenance and servicing business accounted for 43 per cent of its net sales. At the turn of the year, its order backlog amounted to EUR 96.3 million. At year's end, it had 1,008 employees.

Depressed markets 2003

In 2003, the market for the construction industry was at a low level in Denmark. Investments and exports declined in 2003. Residential construction increased somewhat, but in the case of business premises, public buildings and industrial facilities, construction was slight. During the report year, the market situation improved for industry, including the marine and offshore industries and data networks. However, in data network services, the company is still waiting for the UMTS market to open up.

Improving profitability

In 2003, YIT upgraded its strengths, which are based on strong customer relationships, a high order backlog and the expertise of its key employees, and made outlays on the organization's growth capabilities.

Operational profitability was improved by reducing fixed costs, adapting the organization to match the market situation and developing project and risk management. In addition, a development programme was started up to improve the capabilities and job satisfaction of management and employees.

After the consummation of the acquisition, YIT has been well-received by the market and the media have also taken a positive stance on the acquisition. The integration process has progressed rapidly and the employees have adopted YIT's values and culture well.

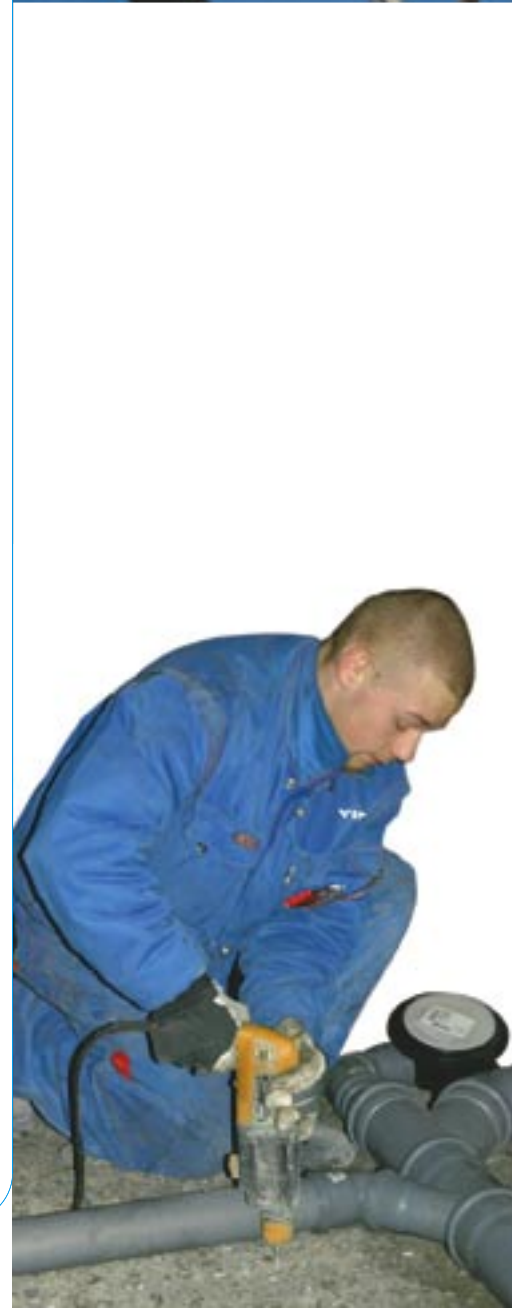
Market upswing expected in 2004

In 2004, the GDP will grow at a steady annual rate of about two per cent (Confederation of Danish Industries). Private consumption has been stable, but will begin to grow. It is expected that investments will increase and that the depressed climate will swing to growth in 2004.

Thanks to the new organization structure adopted in Denmark at the beginning of 2004, the company's internal synergies can be harnessed better and greater efficiency will be achieved in the management of projects and customer relationships.

Once the integration process has been completed in 2004, the development of the new corporate profile and operations will be continued in cooperation with other YIT units.

It is believed that the market for property maintenance will grow and account for an ever-larger share of the company's operations in the future. There is a greater desire to purchase services from a single provider and a growing number of large international customers are seeking to entrust all their outsourced services in the hands of just one partner.



Construction Services offers customer-focused residential and premises solutions and infraservices and helps customers to maintain the value of their investments. Its service chain encompasses the entire life cycle of a property, from the implementation of an investment to its maintenance, as well as repairing and modernizing old buildings. YIT offers construction services in Finland, the Baltic countries and Russia. Water and environmental services are offered in Northern Europe and certain countries in the Middle East and Asia.



Net sales grow and earnings improve once again

41

YIT Construction's net sales in 2003 amounted to EUR 1,398.5 million (EUR 1,111.8 million), up 26 per cent compared with net sales in 2002. The figure includes double net sales (sale of shares in own production) of EUR 243.1 million (EUR 162.2 million). Operating profit grew by 53 per cent to EUR 107.8 million (EUR 70.3 million). Return on investment was 28.2 per cent (19.6%).

Operating profit was improved by the sale of Makroflex, which produces sealants and thermal insulation materials. The effect of the sale on earnings was about EUR 30 million. On the other hand, operating profit was reduced by EUR 5.7 million booked as losses by YIT as a result of a ruling by the Helsinki District Court in February in the claim concerning the refurbishing of SOK's former head office property. YIT has appealed the decision.

YIT Construction's uninvoiced order backlog at year's end amounted to EUR 817.7 million (EUR 619.3 million), up 32 per cent on the previous year. The business segment had 5,268 employees (4,843) at year's end. At the beginning of 2004, 351 people transferred into the employ of Building Systems when YIT Rapido Property Management Services Ltd became part of YIT Kiinteistötekniikka Oy.

Strong growth in residential construction

The strongest growth during the report year was seen in residential construction in Finland and international operations focusing on the Baltic countries and Russia. Buoyant growth was also seen in infrastructure maintenance, in which YIT bolstered its position as the market leader among private sector service providers.

Demand for non-rental housing in the growth centres and the municipalities surrounding the Greater Helsinki area was kept high by consumers' confidence in their own finances, the still affordable and stable interest rate and the continuing population shift. Start-ups of market-financed rental housing and State-supported rental and tenancy entitlement housing declined. Demand for market-financed non-rental housing was also on the rise in the growth centres of the Baltic countries. Demand strengthened further on the residential market of St Petersburg.

Slight demand for business premises and public investments

The number of vacant business premises increased in Finland's growth centres, hindering the start-up of new construction projects. This led to a decline in the number of new business premise start-ups. Demand for commercial and logistics facilities remained stable. Major new international property investment companies ventured into the Finnish property market.

The amount of public investments contracted, even though there was a need for them due to the brisk population shift. Capital investments by industry also remained slight. Demand for renovation and maintenance services grew.

Products and services

RESIDENCES

Housing customers are either developers or on the market for a new home. Homebuyers are served under the YIT Home brand. Developers are offered market-financed and State-supported residential building projects that are carried out under a Design and Build principle in partnership with YIT. Under this model, YIT takes on responsibility for both design and implementation.

WORKING ENVIRONMENTS

YIT's customers in working environments are those who use, own or invest in business premises, commercial and service premises and logistics and industrial facilities.

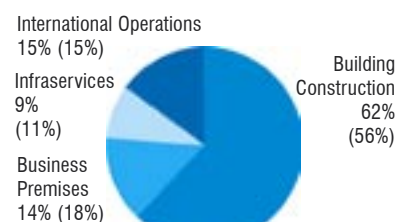
Key figures, EUR million

	2003	2002
Net sales	1,398.5	1,111.8
Operating profit	107.8	70.3
% of net sales	7.7%	6.3%
Return on investment	28.2%	19.6%
Order backlog, Dec. 31	817.7	619.3
Personnel, Dec. 31	5,268	4,843

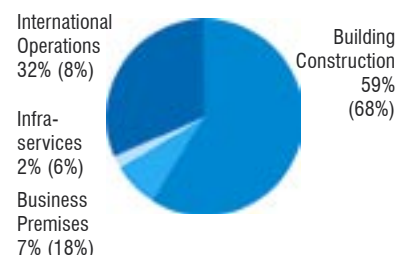
Balance sheet summary, EUR million

	2003	2002
Non-current assets	21.3	22.9
Inventories	321.1	311.9
Financial assets	591.8	445.6
Shareholders' equity	256.5	233.2
Provisions	3.7	7.3
Interest-bearing liabilities	143.2	139.5
Interest-free liabilities	528.1	396.1
Balance sheet total	934.2	780.4

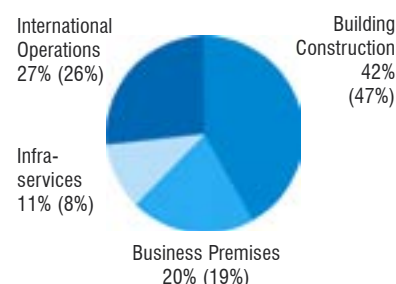
Net sales by division 2003 (2002)



Operating profit by division 2003 (2002)



Order backlog by division 2003 (2002)





The Helsinki University of Technology's TUAS building was one of the pilot sites of Tekes' Terve Talo (Healthy House) development project.



A new flexible housing corporation loan that gives homebuyers more time to sell their old home was introduced in 2003.

As Oy Espoon Naakkeli, Espoo



YIT builds new sites, repairs old ones and provides maintenance services. An integral element in its service chain comprises need assessments and reports in which the efficiency, costs and competitiveness of space usage are analyzed. Working environment customers are offered life cycle responsibility implementation, a new service in which YIT takes on the responsibility for property maintenance and upkeep. When required, YIT also provides premises with user services.

PUBLIC SECTOR

YIT's public sector customers are municipalities, states, parishes and their corporations. The entire service palette offered for working environments is also at the disposal of public sector bodies. To municipalities and landowners, YIT provides regional development projects that are carried out jointly by public sector bodies and the private sector, and specialist expertise, such as demanding road, street, bridge and railway network construction and maintenance services as well as services for water supply processes.

In new models carried out as public private partnerships and in project company models, YIT and its partners arrange funding for the projects of public sector bodies.

TENDER-BASED CONSTRUCTION

The service range in tender-based construction includes traditional contract-based new construction, renovation and maintenance. Tender-based construction services are offered in building construction, renovation, civil engineering, road and street construction and their maintenance, tunneling and underground construction, bridge construction and water supply technology.

Residential construction in Finland focuses on the growth centres

In 2003, YIT started up the construction of 2,826 (2002: 2,244) market-financed residential units in Finland. During the report year, 2,453 (1,560) market-financed residences were sold in Finland. There were a total of 65 (85) unsold completed residences at the end of the year in Finland.

A total of 2,996 residences were completed during the review period, of which 1,796 were market-financed. At the end of the year, a total of 3,446 residences were under construction, of which 3,224 were market-financed.

The major projects that began in the Greater Helsinki area in 2003 were the area construction projects comprising numerous sites in the Tilkka Military Hospital and Vanhankaupunginkoski regions. The construction of similar complete area projects continued in Viikki and Vuosaari in Helsinki, in Leppävaara, Matinkylä, Järvenperä and Espoonlahti in Espoo and in Jaakkola in Kerava. For the first time, YIT started up three sites for senior citizens, of which two are rising in Vuosaari, Helsinki, and one in Leppävaara, Espoo.

In the rest of the Uusimaa region, the company bolstered its position by starting up numerous single-family and apartment building sites in locations such as Kirkkonummi, Kerava, Järvenpää, Nurmijärvi, Porvoo, Sipoo and Mäntsälä. YIT holds a particularly strong market position in Central Uusimaa. In the rest of Finland, the greatest number of residential units was produced in Tampere, Jyväskylä, Oulu, Kuopio and Lahti.

Other building construction

The most important competitive contracts in the Greater Helsinki area were the Martinkallio, Ymmersta and Lintulaakso schools as well as the construction projects of the Espoo-Vantaa Institute of Technology and the Helsinki University of Technology in

Espoo. Specialist expertise was represented by the contracts for the framework and interior finishing stage of the Parliament House's additional building and the foundation and interior finishing works for Casino Ray in Helsinki.

In the construction of business premises, YIT strengthened its position outside the Greater Helsinki area in Uusimaa and Kanta-Häme in both public sector services and renovation. The extension of the Kerava coeducational school and health centre, the extension of the Klaukkala church and the refurbishing of Pohjantähti Mutual Insurance Company's old head office in Hämeenlinna were started up in 2003. In spite of the low demand for business premise construction, the first stage of Business Park was initiated in Klovi, Espoo, and an architectural competition for the development of the area was organized.

Renovation saw strong growth and major sites included the premises of the Helsinki District Court in Salmisaari and the refurbishing of the Ympyrätalo building in Hakaniemi, Helsinki, and the west wing of the Helsinki Central Railway Station.

Important sites in the rest of Finland were the zoning and regional development project in the Etu-Lyötty area of Oulu, a multi-purpose hall in Joensuu, Academill in Vaasa, Hartwall's production plants and logistics centre in Lahti, the extension of the Riekkohotelli Hotel in Saariselkä, Finn-Medi Delta in Tampere and a transfer terminal in Hamina. YIT Centres that combine all of the Group's functions under one roof were built in Kemi and Oulu. The YIT Centres aim to find synergy benefits and improve YIT's total portfolio of services.

New operating models offered to public sector bodies

In 2003, YIT Construction continued to develop public sector services and new public private partnership implementation models in practical projects. The ABB acquisition bolstered the service range, improving the management of the life cycle responsibilities of public sector bodies.

Alongside the Espoo Manor regional development project, YIT landed another significant joint project with the City of Espoo, when it made a development agreement for the Hista Manor area with its landowners. A similar project will also be implemented with the City of Naantali.

The ppp project of the Kilo health centre in Espoo, including responsibility for maintenance, progressed into the implementation stage. The new public sector projects included an additional building for the Laurea Polytechnic in Vantaa, where a new private financing model is employed, and the business premises for the Finnish Meteorological Institute and the Finnish Institute of Marine Research that are being implemented in association with Senate Properties and which include life cycle responsibility for the property over a period of 30 years.

Leading private road maintenance contractor

Major projects in infrastructure construction and maintenance included the Vuosaari regional works for the Port of Helsinki, the Kytömaa bridge and pile slab contract for the direct line that will be built for the Finnish Rail Administration, the extension of the Mussalo container terminal for Kotkan Satama Oy and regional works for Fortum Corporation's Diesel project in Kilpilahti.

In road and street maintenance and servicing, YIT landed four long-term maintenance contracts from the Finnish Road Administration and seven contracts for urban and municipal street and area maintenance.



A water tower in Kankaanpää

YIT handled the foundation and interior finishing works of the new Grand Casino Helsinki.





YIT plans to start up the construction of a total of over 3,000 residential units in Russia and the Baltic countries in 2004.



YIT built a sawmill in Pestovo for ZAO Pestovo Novo.

Carpenter Hannu Rajamäki at the Vanhakaupunki residential construction site in Helsinki



Residential construction in Russia and the Baltic countries

Last year, a total of 606 residences were sold in Finland's neighbouring areas; 328 in St Petersburg, 225 in Tallinn and 53 in Vilnius. A total of 351 new residential units were started up in these three cities during the report year.

Residential construction is being started up in the Moscow region as well, where YIT established a joint venture named ZAO YIT Ramenje towards the end of 2003. It will handle developer-contracted residential construction. In 2004, YIT Ramenje will commence the construction of about 1,400 residential units in the Moscow area. YIT plans to start up the construction of a total of over 3,000 residential units in Russia and the Baltic countries in 2004.

Other international construction

The construction of the Japanese Embassy continued in Moscow. In St Petersburg, the construction of the city's southwestern waste water treatment plant continued, carried out by SWTP Construction Oy, a consortium established with Skanska and NCC. YIT built a sawmill for ZAO Pestovo Novo in Pestovo in the province of Novgorod. In St Petersburg, a contract agreement was made to build three shopping centres, Philip Morris' tobacco factory was expanded and the construction of a waste water treatment plant continued in Sestroretsk.

In Estonia, YIT started up the construction of the Pärnu hospital, the Laulasmaa spa hotel and the Lennujaama Hotel in Tallinn. The construction of the Muuga Harbour continued in Tallinn and a waste water treatment plant was built in Viljand. The Forum recreational centre was seen to completion in Vilnius, Lithuania, along with the Dragyste Hotel and Mada shopping centre. The construction of the Jelgava waste water treatment plant and refurbishing of the sewer network began in Latvia, as did the construction of a water iron removal plant, well field and pipeline in Ventspils.

In China, an agreement was made concerning the zone heating of the City of Xiang Yang and the district heating project of the City of Yanji, and the Qingdao zone heating project was seen to completion.

Plot acquisitions in good locations ensure the continuity of operations

YIT Construction's plot reserves and development properties are core business resources that ensure the continuity of business operations. The company actively acquires plots in good locations, along with properties and areas for development.

When acquiring plots in Finland, YIT focused on both individual plots and larger areas in the growth centres and their surrounding municipalities. In addition, undeveloped plots were acquired for zoning and longer-term construction needs. In the Baltic countries, YIT concentrated on acquiring plots in key locations in the capitals and several larger cities, and in Russia, in the Moscow area and St Petersburg.

In addition to its plot reserves that are included in the balance sheet, YIT has, through various agreements, a substantial portfolio of zoned plots and undeveloped plots that will come under zoning. Significant new building rights are under development through regional development projects being carried out with landowners and municipalities. The most significant such projects are the Ranta-Tampella area in Tampere, the 570 hectare area of the Espoo Manor, the 500 hectare area of the Hista Manor in Espoo and a 70 hectare area in Kuparinranta, Naantali.

The total value of YIT's contracts in the Parliament House's additional building in Helsinki is close to EUR 26 million.

Enough plot reserves for several years of construction

YIT has a strong portfolio of plots that will meet its needs for years ahead. Considering the development of the growth centres and the population shift, the plots are in good locations. However, so much construction is greenlit each year that the reserves must be continuously topped up with new acquisitions.

Helsinki area were plots for blocks of flats in Katajanokka, Helsinki, and the plot of Finland's highest block of flats in Vuosaari. In the surrounding municipalities of the Greater Helsinki area, significant acquisitions were carried out in Ahjo in Kerava as well as in Nurmijärvi.

After the end of the report year, at the beginning of 2004, YIT made an agreement with VR Corporation concerning the acquisition of its plots in Vallila, Helsinki, and Niittymaa, Espoo. In the rest of Finland, major plot acquisitions were carried out in cities such as Oulu, Joensuu and Lahti.

The major plots acquired in international operations were in St Petersburg, Tallinn, Vilnius and Riga. In the Moscow area, ZAO YIT Ramenje has ready-to-build reserves of plots for 1,400 residential units at four sites. In addition, it has two regional sites that will be developed over a period of numerous years.

In 2003, 280,000 m² (2002: 193,000) of floor area in residential plots and 45,000 m² (35,000) of floor area in business premise plots went into production. In the same period, residential plots amounting to 232,000 m² (250,000) of floor area were bought, along with 17,000 m² (31,000) of floor area in plots for business premises. New plot acquisitions in 2003 amounted to EUR 73.6 million (77.1). At the end of 2003, plot reserves in Finland amounted to 1.9 million m² of floor area (2.0), including both pre-zoned plots and plots that are being zoned.

In international operations, the equivalent of about 32,000 m² of floor area (73,000) in residential plots went into production in the Baltic countries and Russia. Residential building rights representing 390,000 m² of floor area (150,000) were acquired. At the end of 2003, YIT had the equivalent of about 430,000 m² of floor area in residential housing plots abroad, which suffices for the construction of about 5,000 market-financed residential units.

Development aims at achieving benefits for customers

The development of customer expertise continued in 2003. Services for business premise projects were developed to support the operations of different user groups. For example, in the Business Park solution, YIT organizes catering, copying, mailing and equipment rental services for the users of the premises, as required.

Under the YIT Home brand, YIT introduced a new flexible housing corporation loan that gives homebuyers more time to sell their old home. The homebuyer pays 15 per cent of the purchase price at the time of sale and the rest two months after moving in, if he so wishes. In addition, process and service development was started up for housing sales and conversion services.

The development of YIT Home telecom solutions continued. YIT participated in the Smart Home joint project of the Tampere University of Technology and numerous companies, in which the needs and expectations of residents concerning smart homes were studied.

Plot reserves in Finland, Dec. 31, 2003

Building rights and zoning potential, 1,000 m² of floor area

	Residential plots	Business premise plots	Total
Greater Helsinki area	342	220	562
Surrounding municipalities	81	20	101
Turku area	112	190	302
Tampere area	150	230	380
Jyväskylä	30	20	50
Lahti	58	8	66
Oulu	88	41	129
Rest of Finland	228	77	306
Total	1,090	806	1,896

Residential plot reserves in Russia and the Baltic countries, Dec. 31, 2003

Building rights and zoning potential, 1,000 m² of floor area

Estonia	57
Latvia	39
Lithuania	47
Russia / St Petersburg	174
Russia / Moscow area	113
Total	430

Pier elements for Hanko's western harbour





Joensuu Arena is Finland's largest wooden multi-purpose hall.



Interior finishing works at the Viikki wastewater treatment plant in Helsinki

Extension of pier C at the Mus-salo harbour in Kotka



YIT has initiated development work to create a housing brand suitable for residential construction in the local conditions of the Baltic countries and Russia. It comprises the design and construction of residences, the level of their quality and conveniences, sales and funding.

New solutions and services for senior citizens' facilities were developed at numerous sites. The aim is to ensure that as people get older they can still live in comfort in their own homes and that senior citizens have access to the various services they need. For example, the residents of Asunto Oy Espoo in Kiulukka are offered, as part of the basic service portfolio, professionally-guided recreational activities, counselling three days a week and the opportunity to purchase additional personal services.

Deployment of technology imparts tangible benefits

The development of product model-based design, cost calculation, procurement and production control applications was continued under the names YIT Pro and Cove (Cost and Value Engineering) and the software and operating procedures were deployed at the new units. Virtual modelling of sites was also developed during the report year. It enables the visualization of what the site that is under construction will look like when completed and facilitates homebuyers' purchasing decisions.

YIT Construction participated in many international projects funded by the EU and Tekes in which new IT solutions were developed to upgrade construction processes, information management and expertise.

Honing expertise and corporate cooperation

The focus areas in the development of YIT Construction in 2003 were honing expertise, new models for on-the-job learning, sharing expertise and improving initiative-making and innovation activities. The company's ability to engage in innovation activities and improving them systematically was studied in a corporate group project in association with the Tampere University of Technology.

Corporate cooperation was strongly featured from the perspective of customer relationship management and the development of products and services. Numerous development groups and teams operating over the boundaries of business segments were established. The Group's wherewithal to engage in internal cooperation was improved by building YIT Centres in different regions; all the YIT units operating in each of these regions are housed in the centres.

Organizational reforms as part of upgrading operational efficiency

YIT started up the production of market-financed residences in the Moscow area by establishing a joint venture with the local company OAO Zhilishsnaja Assosjatsija Ramenje. Under the name ZAO YIT Ramenje, the company seeks to achieve a significant position in the market for market-financed residences in the Moscow area.

The names of the local subsidiaries operating in Russia and Lithuania were standardized such that the subsidiary in St Petersburg was renamed ZAO YIT Lentek and the Lithuanian subsidiary AB YIT Kausta. YIT's residential production in Lithuania was transferred to UAB YIT Kausta Bustas; the company was formerly known as UAB Alkausta. The names of the Estonian and Latvian companies will also be standardized.

Rakennustoimisto Tolonen Oy, which is in business in Uusimaa and the towns along the railway, was renamed YIT Tolonen Oy.

The Property Services division was renamed Business Premises. At the beginning of 2004, the business operations of YIT Rapido, which was part of the YIT Business Premises division, were transferred to the new Building Systems business segment.

In line with its strategy, YIT continued to lighten its balance sheet by divesting itself of certain properties that were not considered to have development potential.

Good outlook for Construction Services in 2004

Stable market situation

It is expected that the market situation will remain stable in 2004. The global economy has taken a turn for the better and investments will most likely be gradually greenlit in Finland. The GDP growth forecast is 2.7% in Finland (ETLA, Dec. 4, 2003), 5.0% in Russia (IMF), 6.9% in Lithuania, 6.4% in Latvia and 4.8% in Estonia (Hansabank).

Demand for residences remains good

Demand for residences will remain high in all of YIT's market areas. Demand for housing and services in the growth centres and especially in the municipalities surrounding them is maintained by consumers' confidence in their own finances, the low market interest rates and the population shift. The enlargement of the EU generates economic growth and demand in the Baltic countries and the growth forecast for residential construction is high, especially in Russia.

YIT's strong portfolio of plots in prime locations in the growth centres provides the company with good opportunities for ramping up residential production from last year's volume and achieving better earnings in 2004. YIT's residential construction will see the most vigorous growth in the Baltic countries and Russia.

Construction of business premises bottoms out

Demand for business premises will remain low, but will in all likelihood pass its low point in 2004. International players will become more interested in Finland and new foreign property investors will venture into the market for business premises. Demand for retail and logistics premises will remain at its present level. YIT Construction has thrived in the very difficult market situation for business premises and working environments in 2003 and the development work it has carried out ensures that the company has what it takes to perform well during the present year.

The public sector is in financial trouble, and this opens up the market to new partnership models between the public and private sector. New financing models developed for the public sector are expected to gain ground in 2004. Supported by its new corporate structure, YIT Construction is seeking market leadership in public sector services in its field.

Growth in renovation

It is expected that the growth in renovation will outpace that of other types of construction. Renovation resources will be fully utilized in the Greater Helsinki area during the year now begun as well. YIT's units specializing in renovation and its impressive references give the company a solid foundation for taking on demanding new renovation projects.

Large infrastructure projects ahead

The infrastructure construction market will grow vigorously in 2004. Large infrastructure projects, such as the Vuosaari harbour, the fifth nuclear power plant, the E18 road and the Lahti-Heinola motorway, are being started up. The opening up of the infrastructure maintenance market will accelerate as road, railway and municipalities' regional maintenance is outsourced. YIT has a strong market position and it is to be expected that there will be growth in YIT's net sales from infraservices during the present year, especially in maintenance.



Arabianranta comprehensive school in Helsinki

A new service concept is employed at the Hermanni office complex in Helsinki. Jarkko Kolehmainen of YIT and Kristiina Puumalainen of Sodexo are responsible for the concept.



In its product areas, YIT is the largest provider of maintenance and capital investment services for industry in the Nordic countries. Customers are the forest, energy, food, oil and chemical industries as well as shipyards and the offshore industry. Services for Industry's main market is the Nordic countries. Projects are exported worldwide.



Trends vary in different business areas

The Services for Industry business segment is formed of YIT Industria Ltd, which offers capital investment services, and YIT Service Ltd, which is in the maintenance business. In addition, the business segment includes the associated company Oy Botnia Mill Service Ab, which offers maintenance services for the paper industry.

In 2003, the net sales of Services for Industry amounted to EUR 209.7 million (EUR 240.5 million). The decline in net sales was due to the weak level of investments by industry. The share of net sales accounted for by the maintenance and servicing business was 57 per cent (56%). The value of international operations rose to EUR 26.3 million (EUR 25.4 million), representing 13 per cent (11%) of total net sales. Operating profit amounted to EUR 8.8 million.

At the end of the year, Services for Industry's order backlog had declined compared with the previous year and amounted to EUR 67.2 million (EUR 84.9 million). Of the backlog, EUR 1.9 million (EUR 3.2 million) represented foreign orders. The number of employees at year's end was 3,117.

The market situation became tight in 2002 and this situation persisted in 2003. Demand for industrial maintenance remained stable, but the number of investments contracted strongly once again. Demand in the marine industry slumped and the international demand situation was weak.

Outlook for 2004

It is expected that Services for Industry's net sales will remain at the same level in 2004 as in 2003, but that the trend in the operating profit will be positive. During the first part of the year, the demand situation will remain as it was in 2003, but the starting up of investment projects in Finland and the general surging of the economy in all of Europe are expected to improve the market situation after summer. Structural changes in industrial maintenance and the outsourcing of services will continue in Finland.

During the report year, a great deal of preparatory, tender and sales work was carried out for upcoming large projects, such as Fortum's Diesel project, Finland's fifth nuclear power plant and nuclear power plant maintenance projects in Finland and Sweden.

Products and services

CAPITAL INVESTMENT SERVICES

Capital investment services for industry comprise piping system, tank and automation deliveries for various industrial processes. The products and services cover everything from workshop-fabricated piping and boiler components to end-to-end projects.

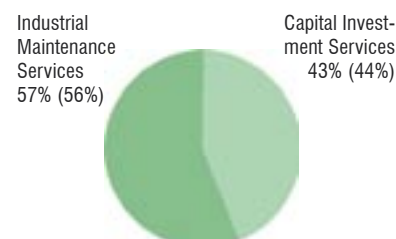
INDUSTRIAL MAINTENANCE SERVICES

Industrial maintenance services include comprehensive maintenance partnership and management agreements that ensure our customers can enjoy disturbance-free production and improved profitability. The service range also includes individual service products in both mechanical maintenance and electrical and automation functions. Deliveries of various process maintenance projects, such as steam boiler upgrading, are included in the services.

Key figures, EUR million

	2003	2002
Net sales	209.7	240.5
Operating profit	8.8	
% of net sales	4.2%	
Order backlog, Dec. 31	67.2	84.9
Personnel, Dec. 31	3,117	3,050

Breakdown of net sales by business sectors 2003 (2002)





Hauling a bypass manifold to the installation site.



Development efforts aiming to improve the operational reliability of customer processes and good customer service continued in industrial maintenance. In recognition of good cooperation development, Vacon Plc chose automation installer Ismo Hietanen as the recipient of its Vacon Service Person 2003 award.

Stable demand for maintenance

The capacity utilization ratio remained good in the maintenance business, although needs for maintenance and shutdown works varied regionally in Finland. A great many shutdown works were carried out in the forest and chemical industries and at nuclear power plants. Major shutdown sites included Oy Metsä-Botnia Ab's mills in Joutseno and Kemi.

The nationwide framework agreement for piping maintenance for UPM-Kymmene was continued and annual regional agreements were made with Stora Enso. Annual maintenance agreements were also made with other major customers.





Outsourcing continues

Production plants have continued to focus on their core businesses and seek to hand over maintenance and its development to specialist companies. Outsourcing as a whole has progressed in line with expectations.

Maintenance partnership agreements with numerous old customers were renewed during the report year. These included the maintenance agreement of Pirelli Cables & Systems Oy's cable factory and the service station maintenance agreement with Neste Markkinointi Ltd. YIT Service now provides maintenance for about 1,200 service stations in Finland. In the forest industry, the services provided to Oy Metsä Botnia Ab's Kemi mill expanded into a partnership agreement with total responsibility as from January 1, 2004.

Organization strengthened by means of acquisitions

In 2003, YIT Service Ltd acquired the business operations of Instrumenttiteknikot Oy, which provides electrical and automation installations and servicing in Turku, and the Varkaus-based ETT-Teollisuusautomaatio Oy.

Gunnison, a Spar-type floating oil production unit, departing for the Gulf of Mexico. One of the marine industry unit's greatest challenges during the report year was the construction of three Spar-type floating units. The piping was prefabricated at the company's own factory in Ylivieska and installed at the Mäntyluoto shipyard. A seven-storey building could fit inside the frame of this floating unit.



Service station maintenance is all about management. YIT attends to maintenance tasks and oversees the realization of the agreements made directly by the customers. Maintenance includes repair requests from the stations, preventative maintenance and the implementation of various investments.



Thermal imaging can be used in a variety of ways in maintenance. With a thermal camera, a professional can easily locate impending malfunctions before the equipment breaks down.

Evaporating plant piping was completed for Metsä-Botnia's Kemi plant.



Demand for industrial investments declines again

Investments by industry declined for the second year running in both Finland and export markets. However, thanks to active work with customers, YIT was able to increase its market shares and maintain the resource utilization ratio at a satisfactory level.

Many modernization projects implemented

One of the largest projects seen to completion for the wood processing and base metals industries comprised the delivery of piping for various stages of Avesta Stainless Oy's massive Tupla project in Tornio. The piping was valued at over EUR 20 million. Evaporating plant piping was completed for Kvaerner Pulping Oy at Metsä-Botnia's Kemi plants, and piping and a tank were delivered for Kemira Chemicals' formic acid plant in Oulu. Various separate piping assemblies were carried out for the Tarra3 project in Jämsänkoski.

Numerous electrical and automation modernization projects were performed in the mechanical forest industry, such as modernizing works on the sawing lines of Kuhmo Oy and Stora-Enso in Varkaus. Many customer production modernization and extension works have been carried out for the food industry, such as for Valio's factories in Haapavesi and Seinäjoki.

Numerous smaller projects have been ongoing in the energy industry. Many separate projects for different customers were supplied for the Wisa 800 REC project in Pietarsaari. In addition, base replacement works on a soda recovery boiler were implemented for SCA Packaging Munksund AB in Sweden in the spring.

The largest engineering project comprised the internal circulation piping for a boiler supplied to Foster Wheeler Energi Oy for the Narva power plant. The main steam piping of Borås Energi AB's power plant was replaced in Sweden.

Major marine industry deliveries included the manufacture and installation of the Spar floating oil production units for Mäntyluoto Works Oy in Pori.

The largest project that is in the delivery stage is the piping for the VEPA 2003 project of Stora Enso's Veitsiluoto mill.



One of the most important projects for the energy industry was the Wisa 800 REC chemical recovery project in Pietarsaari.



Base replacement works on a soda recovery boiler were implemented for SCA Packaging Munksund AB in Sweden in the spring.

Processes and personnel well-being as focus areas

The development of operations zeroed in on operating in line with processes as well as the well-being of personnel. "Together We Can Do It" events were held for employees in different parts of Finland during the report year. The events were part of development efforts geared towards fostering motivated personnel and well-run working communities both within the company and with customers and suppliers.

In 2003, as part of the development of occupational safety and meeting the upcoming demands of industrial customers, almost all of the company's industrial employees were trained in line with the requirements of the nationwide occupational safety card. To support training, an occupational safety video was created with the participation of educational institutions. The video presents the most typical accidents and the reasons behind them at YIT sites. Work accident statistics indicate that there has been considerable improvement compared with the previous year.

Developing operations for future projects

Various cooperation and development projects were carried out in 2003 as part of the ongoing preparations for the construction of Finland's fifth nuclear power plant. During the report year, a project funded by Tekes was started up to assess the welding technology demands involved in the construction of the coming nuclear power plant. The project will be continued with a more extensive mechanical welding project to develop technological expertise to meet future challenges.

Services for Industry initiated numerous logistics development projects to boost the efficiency of material and information flows. The two-year Models for the Material Logistics of Maintenance (KPLOG) project continued. For more information on the project, turn to page 26.

Oy Botnia Mill Service has streamlined its functions and aims to develop paper and pulp mill maintenance vigorously.

Orbital welding



Data Network Services offers end-to-end services for all types of data transfer. Its service range encompasses consulting, design, network construction and maintenance, deliveries of telecom connections and services, and IT helpdesk services, all the way to the customers' user equipment. The Data Network Services business segment mainly offers its services in Finland. In the rest of its home territories, YIT offers telecom services through Building Systems.



Good earnings trend in spite of the weak market situation

55

2003 was the first full year of operations for YIT Primatel in the YIT Group. YIT Primatel provides data network services and became part of the YIT Group at the beginning of June 2002. In 2003, the operations of YIT Primatel were meshed into the YIT Group. The company's opportunities for developing its operations as part of the Group's core business resulted in a good earnings trend in spite of the waning market situation.

In 2003, the net sales of Data Network Services amounted to EUR 130.0 million (June-Dec./2002: EUR 95.8 million). Of the net sales, 61 per cent (59%) were generated by long-term service agreements and 39 per cent (40%) by project production. The business segment's operating profit was EUR 10.7 million (EUR 6.0 million). Return on investment was 26.8 per cent (22.8%).

The order backlog at year's end was EUR 102.9 million (EUR 94.0 million). At the end of the year, Data Network Services employed 1,463 people (1,619). At the beginning of 2004, 134 of these employees transferred over to Building Systems when the property network business became part of the latter business segment.

Opening of new markets has slow effect on YIT's volume

Market trends in Data Network Services were muted in 2003 and demand for its services declined. Investments in telecom networks remained slight. The growth in the number of broadband connections remained strong.

Operators began to venture into new geographical market areas. As operators now maintain a stronger presence in overlapping areas, more demand was created for YIT's services. New cooperation agreements for the provision of installation services were made during the report year. Starting up cooperation has hinged on improving the service level and expanding operations outside the company's traditional business area.

Key figures, EUR million

	2003	6-12/2002
Net sales	130.0	95.8
Operating profit	10.7	6.0
% of net sales	8.2%	6.3%
Return on investment	26.8%	22.8%
Order backlog, Dec. 31	102.9	94.0
Personnel, Dec. 31	1,463	1,619

Balance sheet summary, EUR million

	2003	2002
Non-current assets	28.9	34.2
Inventories	0.9	1.8
Financial assets	45.1	31.2
Shareholders' equity	7.2	7.6
Provisions	1.0	2.9
Interest-bearing liabilities	31.1	33.0
Interest-free liabilities	33.5	23.7
Balance sheet total	72.8	67.2

Products and services

TELECOM AND DATA NETWORKS

YIT builds and maintains all types of telecom and data networks, provides its customers' connections and services to end users and offers technical helpdesk services for telecom users in the customer environment.

The business segment's main products are network construction, maintenance and design. In addition, Data Network Services offers logistics, pre-installation, repair shop and Contact Center services. YIT also installs and upkeeps marine cables in the Baltic Sea using its own cable ship. YIT Primatel Event provides comprehensive telecommunications services for events.

YIT's strengths in data network services are its high standard of telecom expertise, comprehensive knowledge of the telecom needs of the customers and its nationwide service network.

Telecom installer Peer Savolainen deploys customers' equipment into an operational state.



Telecom installer Timo Nikkanen installing copper cable

Cooperation with a new customer segment – application providers – has commenced. However, development has been slow and it will take years before the volumes grow large enough to be significant. Application providers are offered helpdesk services for telecom networks and their user equipment.

Operations during the report year focused on upgrading core expertise in telecom technology. Draka NK Cables' network construction unit was transferred to YIT Primatel Ltd. The terminal device repair business operating in Mikkeli, Kuopio, Jyväskylä and Turku was sold to Sivifori Oy.

Profitability comes from upgrading our operations and supporting customer development

The market for data network services is in transition. The company must therefore continuously develop its operations and services if it is to maintain its competitiveness. At the same time, YIT supports the trend whereby operators and application providers are outsourcing more of their installation services. Development continues to focus on the quality and efficiency of operations as well as cooperation with customers.

In 2003, development efforts put the accent on safeguarding the profitability of operations. Key focus areas included improving efficiency, ensuring the service level, promoting the opening up of new markets and developing IT helpdesk services. In order to improve reaction times in operations, the responsibility for business operations was once again shifted closer to the local level, closer to the customers.

During the report year, YIT Primatel became a member of the Finnish Federation for Communications and Teleinformatics Ficom, the field's cooperation and lobbying organization.

Helicopters are used in the construction of telecom towers.

YIT's expansion in building systems opens up growth potential

Following the Building Systems acquisition, YIT Primatel's property network and security business was transferred to YIT Kiinteistötekniikka Oy as from the beginning of 2004. This arrangement aims to create synergy in building system services and give customers the option of receiving end-to-end services.

YIT's expansion in the building systems market also created opportunities for growth in the demand for data network services. Following the acquisition, YIT offers data network services in numerous countries. The data network units of the Building Systems business segment help YIT Primatel to develop its network and bolster its position in its entire home market area.

Seeking new solutions

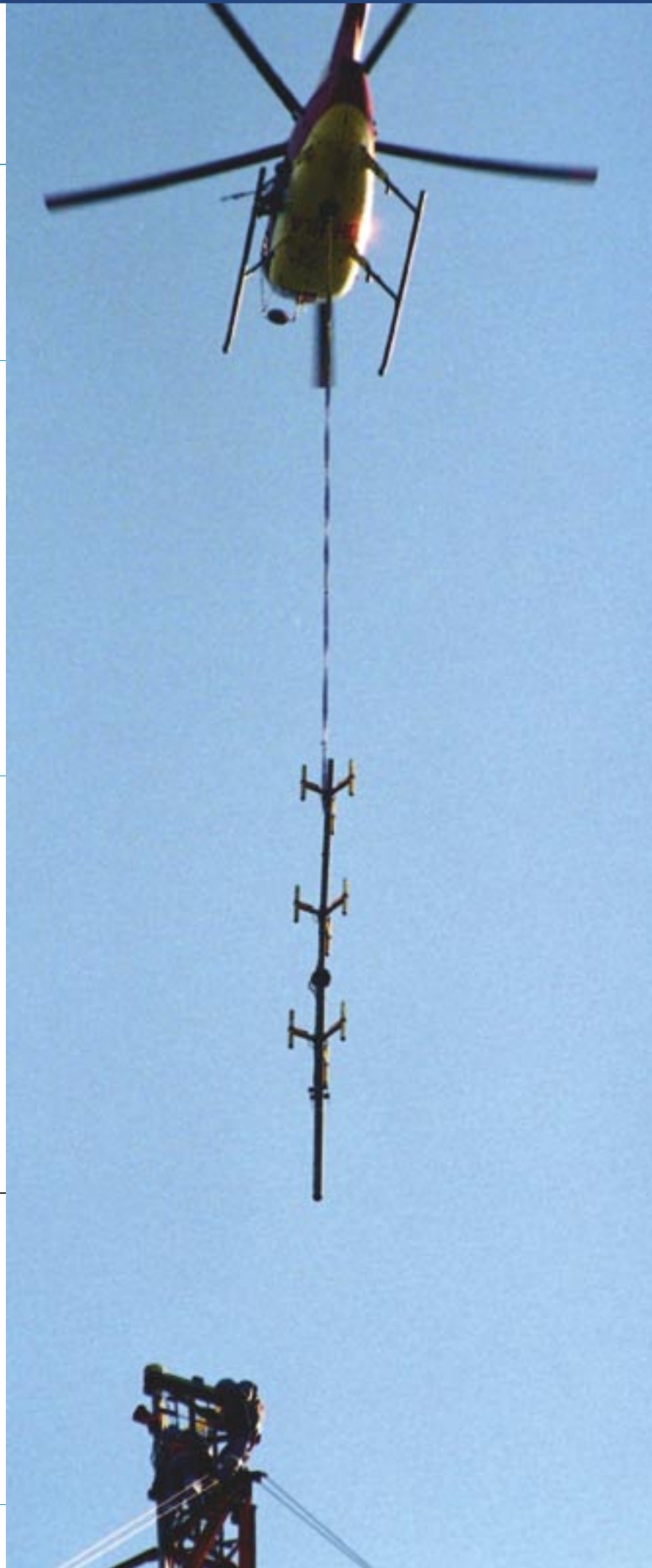
Solutions enabling the setting up of operations in YIT's home market areas in the Nordic countries, the Baltic countries and Russia are being sought to expand and bolster the service range. The provision and development of expert services for partners will continue outside Finland.

The development of the product and service range will continue to focus on the segment's core expertise in telecom technology and field-work. Upholding the nationwide service level while retaining a truly local presence will continue to comprise one of the fundamental premises of development.

Need for network investments rising

Growth in network services and the evolution of remote control and monitoring increase the amount of data being transferred in networks and create the need for network investments and new innovations in different data transfer networks.

In mobile networks, the technological transition increases both investment and refurbishing needs, which will in all likelihood be already evident in the demand for installation services next year.



Telecom installer Jukka Ruokonen performing optical cable welding in the field



Telecom network investments have recently been at a low level, although slight signs of an improvement are evident. The strongest development is ongoing in broadband connections.

The evolution of network technology reduces the amount of field installation work required in equipment investment projects. The population shift is leading to the centralization of investments and reducing their total amount. Society is making outlays on the nationwide availability of broadband connections, which increases network investment projects and the amount of connection delivery and maintenance works.

Greater outsourcing of installation functions

The reshuffling of players in the data network clientele is ongoing. New structures enlarge the installation market while enlarging the supply of installation services. The expansion of the operators' market areas will continue and most likely pick up the pace. However, this only has a small effect on the market volume. The larger-scale outsourcing of installation functions and the opening up of these markets will progress, but at a slower rate than we previously estimated.

The service range can be expanded and new volume can be achieved from helpdesk services for data networks by partnering up with equipment and application providers. Application providers are currently rethinking their service structures and seeking suitable means of organizing their installation and helpdesk services. In future, the equipment and application providers will more frequently buy installation services as external services.

Outlook for 2004

YIT Primatel's comparable net sales are expected to grow slightly in 2004. It is estimated that the operating result will remain at the same level as in 2003.

Report of the Board of Directors, January 1 - December 31, 2003

Acquisition of the Building Systems business turns YIT into the leading company offering building system services in the Nordic countries

YIT purchased from ABB, by an agreement signed on July 4, 2003, its Building Systems operations offering technical building systems, facility management, property services and industrial services in Finland, Sweden, Norway, Denmark, the Baltic countries and Russia. According to the information available to YIT, the acquired business had net sales in 2002 of about EUR 1,130 million and approximately 9,100 employees. The transaction had to be approved by the competition authorities before it entered into force.

The Finnish Competition Authority approved the Finnish end of the deal on July 18, 2003, and the Swedish Competition Authority approved it on July 23, 2003. The Lithuanian Competition Authority approved the deal on August 28, 2003. The acquisition was consummated on August 29, 2003, when the transaction price of EUR 169.2 million was paid and the business functions were transferred to YIT. Once the audited balance sheet calculations had been completed, a further EUR 22.0 million was paid in January 2004 in accordance with the agreement.

The integration process was started up immediately and it has progressed in line with plans in the different countries. At the beginning of October, an action programme was started up to pull the Building Systems business into the black in Sweden as well from 2004 onwards.

The acquisition is in line with YIT's strategy. Building systems comprise a significant growth area in all of the Nordic countries. YIT's strategy is to bolster its construction services in the Baltic countries and Russia and, in addition to these

services, strengthen its building system services in all the Nordic countries.

The business functions of YIT and the acquired Building Systems complement each other, as does the expertise of their employees. Overlapping operations are minimal. After the deal, the Group can offer customers improved and more comprehensive services during the entire life cycle of investments. The company has a total of about 450 business locations.

The dependence of YIT's net sales and earnings on the ups and downs of the business cycle has been purposefully reduced by expanding maintenance and servicing operations within the company's different business segments. Following the acquisition, the share of maintenance operations within consolidated net sales is estimated to rise to about 30 per cent at the annual level. Operations in different countries also reduce cyclical dependence.

In terms of net sales, YIT is the market leader in all its business segments in Finland. In the case of building systems, YIT is the leading company in the Nordic countries. After the acquisition, the strategic growth target for the Group's net sales was set at annual growth of 5–10 per cent.

New business segment structure

Once the acquisition had been carried out, the Group's operations were divided into four business segments at the beginning of September: Building Systems, Construction Services, Services for Industry and Data Network Services. The Construction Services business segment was formed from the former YIT Construction and the Data Network Services business segment from the former YIT Primatel. YIT Primatel Ltd has been part of the YIT Group since June 1, 2002.

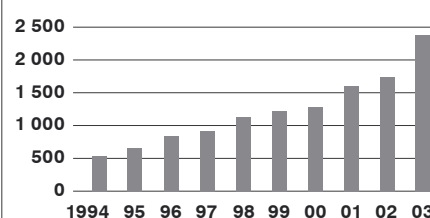
Building Systems was formed from the acquired Building Systems business and YIT Installation's Scandinavia and Building Systems divisions. Services for Industry was formed from YIT Industria Ltd and YIT Service Ltd, which were part of YIT Installation, as well as the associated company Oy Botnia Mill Service Ab.

In the case of Building Systems and Services for Industry, the net sales and order book figures presented for 2002 are pro forma calculations. The distribution of YIT Installation's operating profit between the new business segments could not be calculated in detail after the fact. The figures in the following tables and text include the acquired Building Systems business as from August 29, 2003.

Net sales see substantial growth

In 2003, the YIT Group's net sales grew by 36 per cent to EUR 2,389.7 million (2002: EUR 1,763.0 million). The operations of the acquired Building Systems business accounted for EUR 335.1 million of the Group's net sales.

Net sales, 1994–2003 (EUR million)



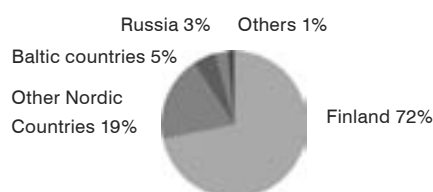
Of the Group's net sales, 72 per cent (78%) came from Finland, 19 per cent (13%) from the other Nordic countries, 5 per cent (6%) from the Baltic countries and 3 per cent (2%) from Russia.

YIT's service chain spans the entire life cycle of investments. A growing share of the Group's net sales come from its

Net sales by business segment (EUR million)	1-12/2003	1-12/2002	Change	Share of the Group's net sales 1-12/2003
Construction Services	1,398.5	1,111.8	26%	58%
Data Network Services	130.0	95.8	36%	5%
Building Systems	681.0	341.2	100%	28%
Services for Industry	209.7	240.5	-13%	9%
Other items	-29.5	-26.3	12%	-
YIT Group, total	2,389.7	1,763.0	36%	100%

industrial, property, telecom network and traditional infrastructure maintenance and servicing business. In 2003, the share of the Group's net sales accounted for by the upkeep business rose to EUR 643.5 million (EUR 425.1 million), representing 27 per cent (24%) of total net sales.

Net sales by country 2003



Profit before taxes improves on the previous year

Operating profit for 2003 amounted to EUR 98.6 million (EUR 89.8 million). The operating profit margin was 4.1 per cent (5.1%). Operating profit was affected by about EUR 30 million in capital gains from the sale of Makroflex and EUR 5.7 million recorded as a loss on the basis of a ruling concerning the refurbishing of SOK's former head office building. Operating profit was also reduced by the integration costs of Building Systems, EUR 5.8 million, and the costs of overhauling operations in Sweden, EUR 11.5 million.

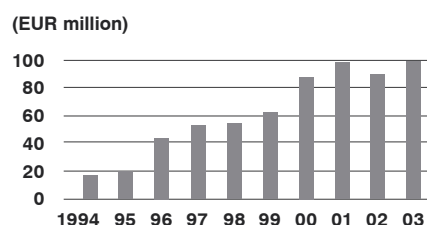
Profit before taxes was 9 per cent better than in the previous year, having risen to EUR 84.4 million (EUR 77.6 million). The result for the review period was EUR 48.4 million (EUR 43.0 million).

The residual taxes levied by the Tax Office for Major Corporations in March 2002, EUR 10.9 million, cut into the result for the comparison period. YIT appealed the tax decision and the Tax Correction Board of the Tax Office for Major Corporations approved the appeal in December 2002. The matter is still being reviewed in the Administrative Court, and thus the residual taxes repaid to YIT in January 2003 by the Finnish Tax Administration have not been accounted for in the 2002 and 2003 financial results.

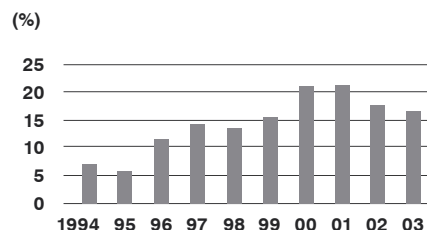
Operating profit by business segment (EUR million)	1-12/2003	1-12/2002	Change	Share of the Group's net sales 1-12/2003
Construction Services	107.8	70.3	53%	100%
Data Network Services	10.7	6.0	78%	10%
Building Systems	-19.7	-	-	-18%
Services for Industry	8.8	-	-	8%
(YIT Installation)	-	21.1	-	-
Other items	-9.0	-7.6	18%	-
YIT Group, total	98.6	89.8	10%	100%

Return on investment was 16.8 per cent (17.8%). The strategic target level for return on investment is 18 per cent.

Operating profit, 1994-2003



Return on investment, 1994-2003



The acquisition is estimated to have a positive effect on earnings per share

Earnings per share amounted to EUR 1.64 (EUR 1.49; exclusive of residual taxes: EUR 1.86). The acquisition of Building Systems is expected to have a positive effect on earnings per share from 2004 onwards.

Equity per share rose to EUR 13.38 (EUR 12.54).

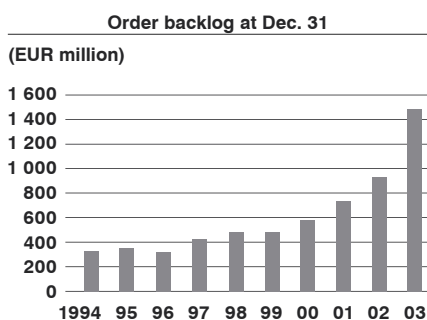
Dividend proposal: EUR 1.20 per share

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.20 be paid per share (EUR 0.90) for the 2003 financial year, representing 73.2 per cent (48.4%) of earnings per share. The residual taxes levied by the Tax Office for Major Corporations in March 2002, EUR 10.9 million, have not been taken into account when calculating the per-share comparison figure for 2002.

Order backlog at a record level of 1.5 billion

The Group's uninvoiced backlog of orders was 59 per cent higher at the end of 2003 than a year earlier, having risen to EUR 1,490.1 million (EUR 938.8 million). The acquired Building Systems business accounted for EUR 374.8 million of the order backlog. The Group's backlog for international orders more than doubled to EUR 569.5 million (EUR 255.0 million). Due to their nature, part of the Group's maintenance and servicing operations are not included in the order backlog.

Order backlog by business segment (EUR million)			
	12/2003	12/2002	Change
Construction			
Services	817.7	619.3	32%
Data Network			
Services	102.9	94.0	9%
Building Systems	502.3	140.6	257%
Services for Industry	67.2	84.9	-21%
YIT Group, total	1,490.1	938.8	59%



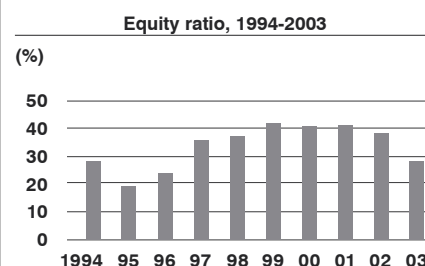
The Group's financial position remains good

On August 29, 2003, YIT paid the EUR 169.2 million transaction price for the Building Systems business. In accordance with the deal agreement, the transaction price was determined such that the negative difference of the assets and liabilities of the balance sheet items being transferred in the acquisition of business functions was subtracted from the transaction value (final value: EUR 201 million). Once the audited balance sheet calculations concerning the situation at the end of August had been completed, a further EUR 22.0 million was paid in January.

Thanks to its strong cash flow, the Group's financial position remained good in spite of the acquisition. The bulk of the short-term loan drawn down for the payment of the cash transaction price was converted into long-term loans with the two bonds YIT issued on October 1, 2003. The maturity of the EUR 50 million variable-rate bond is four years. Its issue price was 100 and its yield amounted to the three-month Euribor + 0.65 per cent. The maturity of the EUR 50 million fixed-rate bond is six years. Its issue price was 101.03 and its yield amounted to 4.55 per cent.

At the end of October, YIT replaced its previous bank-specific commercial paper programmes with a single commercial

paper programme of EUR 100 million, under which the company may issue commercial papers with a validity period of less than a year.



Interest-bearing liabilities amounted to EUR 264.7 million (EUR 143.0 million) at the end of the period and net debt to EUR 204.4 million (EUR 104.1 million). Net financial expenses were EUR 14.2 million (EUR 12.2 million), or 0.6 per cent (0.7%) of net sales. At the end of the review period, liquid assets amounted to EUR 60.3 million (EUR 38.9 million).

The construction-stage contract receivables sold to financing companies totalled EUR 212.0 million (EUR 126.1 million) at the end of the year. The interest paid on them to the financing companies, EUR 5.1 million (EUR 4.9 million), is included in net financial expenses.

The proportion of fixed-interest loans in the Group's entire loan portfolio was 72 per cent (87%). Loans raised directly on the capital and money markets amounted to 70 per cent (52%).

Total assets in the consolidated balance sheet amounted to EUR 1,555.5 million (EUR 1,038.2 million) at the end of the year. The acquisition of the Building Systems business increased the balance sheet by EUR 375.5 million. Other factors contributing to the growth of the balance sheet were the strong increase in developer contracting in residential construction and the related purchases of plots.

Capital expenditures and acquisitions

Gross capital expenditures on non-current assets included in the balance sheet totalled EUR 232.9 million (EUR 60.6 million) during the financial year, representing 9.7 per cent (3.4%) of net sales. Investments in construction equipment amounted to EUR 10.3 million (EUR 6.7 million) and investments in information technology to EUR 6.5 million (EUR 6.6 million). Other production investments came in at EUR 1.3 million (EUR 1.9 million). Other investments, including the goodwill on consolidation of acquired companies, amounted to EUR 214.8 million (EUR 45.4 million). The sum includes the purchase prices of the Building Systems business functions acquired on August 29, 2003.

The acquisition of the Building Systems business functions was carried out as an acquisition of business operations in Finland, Norway, Denmark, Estonia and Latvia. The shares outstanding of the local companies in Sweden, Russia and Lithuania were acquired in their entirety. The acquisition of business operations generated about EUR 174 million in deductible goodwill and EUR 16 million in goodwill on consolidation. The goodwill items will be amortized over a period of 10 years, with the exception of Denmark, where a seven-year amortization period will be used. In 2003, amortization on goodwill and other intangible rights amounted to EUR 5.7 million and amortization of goodwill on consolidation to EUR 1.0 million.

In January, YIT Service Ltd acquired the business operations of Instrumenttitekniikat Oy, which provides electrical and automation installations and servicing in Turku. YIT's Swedish subsidiary Calor AB acquired AC Luft AB and its subsidiaries Lycksele Rör AB and Vännäs Rör AB in

January. In February, Calor AB acquired the business operations of Loka Rör AB.

In May, YIT Primatel Ltd acquired the network construction business of Draka NK Cables. In June, YIT Service Ltd acquired the Varkaus-based ETT-Teollisuusautomaatio Oy, which offers industrial automation and instrumentation installation.

In June, YIT sold all the shares outstanding in Makroflex Oy, which is in business in Finland, and all the shares outstanding in AS Makroflex, which operates in Estonia, and the Makroflex brand to the Henkel Group. The transaction price was EUR 36 million. In 2002, the Makroflex companies had total net sales of about EUR 34 million and the companies employed a total of around 100 people.

Group structure changes

At the beginning of September, the YIT Group's operations were divided into four business segments: Building Systems, Construction Services, Services for Industry and Data Network Services. The presidents of the business segments are Juhani Pitkäkoski, LL.M., Ilpo Jalasjoki, M.Sc. (Eng.), Raimo Poutiainen, M.Sc. (Eng.), and Hannu Leinonen M.Sc. (Eng.), correspondingly.

During the report year, YIT Härkätien Sähkö Oy was merged into YIT Kiinteistötekniikka Oy and Nykyilmastointi Oy into Järvenpään Putki- ja Metallityö Oy, which in turn was merged into YIT Kiinteistötekniikka Oy. The YIT Group's Lomakeskus Oy was merged into YIT Corporation. The merger of ETT-Teollisuusautomaatio Oy into YIT Service Ltd was pending at year's end. YIT UAB was wound down.

Number of employees rises by three fourths

In 2003, the YIT Group employed 16,212 (11,990) people on average. At the end of the year, the Group had 21,939 employees (12,633), representing growth of 74 per cent during the year. The bulk of the increase was due to the Building Systems acquisition. Of YIT's employees, 55 per cent work in Finland, 37 per cent in the other Nordic countries and 8 per cent in the Baltic countries and Russia.

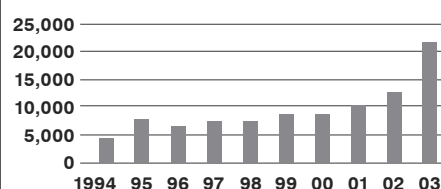
Personnel by business segment, December 31, 2003

	No.	Share of the Group's employees
Building Systems	11,812	54%
Construction Services	5,268	24%
Services for Industry	3,117	14%
Data Network Services	1,463	7%
Corporate Services	279	1%
YIT Group, total	21,939	100%

Personnel by country, December 31, 2003

	No.	Share of the Group's employees
Finland	12,115	55%
Sweden	4,279	20%
Norway	2,719	12%
Baltic countries	1,117	5%
Denmark	1,008	5%
Russia	701	3%
YIT Group, total	21,939	100%

Personnel Dec. 31, 1994-2003



The development of personnel and operating systems is part of the Group's business operations. The Group's financial outlays on development activities in 2003 amounted to about EUR 16 million (EUR 13 million), representing 0.7 per cent (0.7%) of net sales.

Decisions taken by the Annual General Meeting

YIT Corporation's Annual General Meeting was held on March 13, 2003. The Annual General Meeting adopted the 2002 financial statements and discharged the members of the Board of Directors and president from liability. The meeting confirmed that a dividend of EUR 0.90 would be paid per share (EUR 0.85 for 2001), to a total of EUR 26.3 million (EUR 24.5 million). It was decided that the record date would be March 18, 2003, and that the dividend payout would begin on March 25, 2003.

The Annual General Meeting confirmed that the number of Board members shall be set at six. The following persons were elected as members of the Board of Directors: Ilkka Brotherus, managing director of Sinituote, Eino Halonen, managing director of Suomi Mutual Life Assurance Company, Reino Hanhinen, Group CEO of YIT Corporation, Asmo Kalpala, president of the Tapiola Insurance Group, Mikko Kivimäki, president and CEO of Rautaruukki Corporation, and Teuvo Salminen, deputy CEO of Jaakko Pöyry Group, all of whom were Board members during the previous term of office. At its organization meeting on March 19, 2003, the Board of Directors elected Ilkka Brotherus as its chairman and Eino Halonen as its vice chairman.

The Annual General Meeting elected PricewaterhouseCoopers Oy, Authorized Public Accountants, to audit the administration and accounts in 2003. Price-

waterhouseCoopers Oy appointed Pekka Nikula, Authorized Public Accountant, as chief auditor.

The Annual General Meeting unanimously authorized the Board of Directors to decide on the disposal of 567,500 YIT shares.

Share capital and shares

YIT Corporation's share capital was EUR 59,492,670 at the beginning of 2003 and the number of shares outstanding was 29,746,335. On the basis of shares subscribed for with share options from 1998, the share capital was increased by a total of EUR 1,554,080 in five lots. At the end of the year, the share capital was EUR 61,046,750 and the number of shares was 30,523,375.

Authorizations to increase the share capital

In 2003, no shares issues were organized and convertible bonds or bonds with warrants were not floated. At the end of the year, the Board of Directors did not have valid share issue authorizations or authorizations to issue convertible bonds or bonds with warrants.

Significant growth in share price and turnover

The closing rate of YIT's share on the last day of trading in 2003 was EUR 26.90 (2002: EUR 16.79). The price grew by 60.2 per cent during the report year. The trend in YIT's share price has significantly outclassed general share price trends on Helsinki Exchanges, because, as measured by the HEX all-share index, prices were 4.4 per cent higher at the end of 2003 than at the turn of the previous year. Measured with the balanced HEX portfolio index, prices rose by 16.2 per cent during the report year.

The highest share price in 2003 was EUR 27.70 (EUR 19.65) and the lowest was EUR 14.01 (EUR 13.20). The average price was EUR 20.70 (EUR 16.40). Market capitalization at the end of the year was EUR 821.1 million (EUR 489.9 million), up 67.6 per cent on the previous year.

YIT's share turnover also increased significantly compared with the previous year. Share turnover on Helsinki Exchanges during 2003 amounted to 14,639,669 (9,911,550) shares and the value of share turnover to EUR 303.0 million (EUR 162.5 million). YIT rose into the HEX25 index for the half-year period beginning on February 2, 2004. The index features the 25 most traded share series on the Main List of Helsinki Exchanges during the preceding six-month period of the calendar year.

In order to increase the interest of private individuals and small investors towards YIT's share, the company applied for the reduction of its round lot from 200 to 50 shares. This change came into effect on November 3, 2003.

YIT sells its own shares as part of the financial arrangements of the Building Systems acquisition

At the beginning of 2003, YIT Corporation held a total of 567,500 of its own shares, representing 1.9 per cent of the company's shares outstanding and the votes conferred by them. The shares had been acquired on Helsinki Exchanges at an average price of EUR 12.64 per share on the basis of decisions passed by Annual General Meetings in previous years. The total nominal value of the shares was EUR 1,135,000.

The Annual General Meeting held on March 13, 2003, authorized the Board of Directors to decide on the disposal of

567,500 YIT shares owned by the company. On the basis of the authorization, YIT's Board of Directors resolved, on August 29, 2003, to dispose of a maximum of 567,500 YIT shares owned by the company as part of the financial arrangements of the acquisition of Building Systems. All 567,500 shares were sold on September 5, 2003, on Helsinki Exchanges at a price of EUR 22.00 per share. The total value of the sale was EUR 12,485,000.

At the end of 2003, the company did not own any of its own shares and had no valid authorizations to acquire its own shares. During the financial year, no shares in the parent company were owned by subsidiaries.

Significant growth in the number of shareholders

In 2003, the number of registered shareholders grew from 3,271 to 4,928, up 50.7 per cent. The number of private investors grew by close to 1,300.

International investors owned 24.8 per cent of the shares at the beginning of the year and 22.1 per cent at year's end.

On August 21, 2003, Pohjola Group plc announced that the holding of its Group in YIT had declined to 4.98 per cent on August 20. On October 8, the Tapiola Group announced that Tapiola General Mutual Insurance Company's holding in YIT had declined to 4.98 per cent on October 7. The entire Tapiola Group's holding was 7.10 per cent.

1998 share option programme ends

On the basis of the share options from 1998 granted by the Annual General Meeting, about 140 persons belonging to Group management and among the key employees had the right to subscribe for a maximum total of 1,200,000 YIT shares,

on the basis of which the share capital could be increased by a maximum of EUR 2,400,000.

Trading in the Series A share options (600,000) commenced on Helsinki Exchanges on March 21, 2001. In 2003, 320,280 share options were traded at an average price of EUR 7.91. A total of 233,630 shares were subscribed for with the options during the report year and the share capital was raised by EUR 467,260 on the basis of the subscriptions. In total, 574,880 shares were subscribed for with the Series A share options during the subscription period of the share option programme and the share capital was raised by EUR 1,149,760 on the basis of the subscriptions. The remaining 25,120 Series A share options are of no value.

Trading in the Series B share options (600,000) commenced on October 15, 2002. In 2003, 706,600 share options were traded at an average price of EUR 7.75. A total of 543,410 shares were subscribed for with the options during the report year and the share capital was raised by EUR 1,086,820 on the basis of the subscriptions. In total, 564,810 shares were subscribed for with the Series B share options during the subscription period of the share option programme and the share capital was raised by EUR 1,129,620 on the basis of the subscriptions. The remaining 35,190 Series B share options are of no value.

Adoption of IAS/IFRS

The YIT Group started up preparations for adopting International Accounting Standards (IAS) in its financial statements in December 2001. The project that was initiated at that time assessed the differences between Finnish accounting policies and IAS and prepared a new accounting policy for drafting the consolidated financial

statements in line with International Financial Reporting Standards (IFRS). The training of accounting personnel commenced in spring 2003 and a system project for the calculation of conversions was started up in November.

YIT will start reporting in line with IAS/IFRS as from the beginning of 2005. As preparatory measures, IFRS comparison figures will be calculated during the first two quarters, in line with the currently valid standards, from the opening balance sheet dated January 1, 2004. By the end of the year, the Interim Reports for 2004 will have been converted to match IFRS.

The major changes in the accounting policy are the elimination of double net sales in developer contracting as well as changes in partial credits to account and the recording of 10-year commitments. In IAS, income and expenses are in no respects recorded twice; rather, a developer-contracting project is treated as a single entity. Partial credits to account will be carried out using the principle of degree of completion multiplied by the degree of sale, whereas according to the current practice the project margin has been booked in the income statement on the basis of the degree of completion or the degree of sale, whichever is lower. In IAS, 10-year commitments are recorded as obligatory provisions in the balance sheet, whereas they are presently recorded as expenses on the basis of their realization. The changes in the recording of developer-contracting projects will reduce the balance sheet total. A more detailed account of the other changes will be presented in the next annual financial statement bulletin.

MARKET SITUATION

The downswing in the Nordic economy is bottoming out

Economic research institutes have estimated that the downswing in the global economy will end and turn also Nordic GDP and investments into growth during the present and the next year. Growth in the Baltic countries and Russia significantly outpaces the Nordic countries.

Finland

The trend in YIT's net sales is supported by the continuing brisk demand for residences and premises for commercial services in Finland's growth centres. The growth in residential production, the construction of business premises and renovation in Finland compensates for the decline in office and industrial construction in the construction and building system markets (heating, water, air-conditioning, electricity and automation contracting and maintenance). The strong contraction in investments by industry, which has continued for two years, will end during the present year, and it is anticipated that investments will rise both towards the end of the present year and next year on the heels of moderate cyclical upswing. The strengthening of the euro at the beginning of the year dampens the upswing.

According to the business cycle report published by the construction cycle group of the Ministry of Finance in February 2004, Finland's construction market will grow by 1–3 per cent this year. Renovation will grow at an annual rate of 4 per cent. It is expected that civil engineering will grow by 2.5 per cent. Last December, the Research Institute of the Finnish Economy ETLA estimated that total construction output in Finland will grow by 1.5 per cent this year and

by 3.5 per cent next year. Investments in residential and commercial buildings and civil engineering will grow, while other types of building construction will decline. ETLA predicts that construction output will grow by 2.6 per cent on average each year from 2002 to 2007, that is, at a faster rate than in the previous five-year period. The growth in civil engineering outpaces that of building construction thanks to large-scale traffic and energy infrastructure projects.

According to the forecast made by ETLA in December, investments in machinery and equipment declined by 8 per cent last year. Investments in industrial and office premises were down 10 per cent. According to the economic research institutes' median forecast, investments will grow by 2.2 per cent in Finland this year. ETLA predicts that investments during the next five years will rise by an average of 2.7 per cent annually.

The market for industrial, property and infrastructure maintenance will expand as the outsourcing trend progresses. The total market for telecom network construction and maintenance will not expand during the present or the next year, but growth is expected in the outsourcing of operators' field functions in the future.

Sweden

At the beginning of January, the Swedish Construction Federation BI predicted that construction investments in Sweden will decline by four per cent this year. Construction of business premises will continue to fall both during the present year and the next. Residential production will rise slightly. There will be growth in small houses, while the construction of blocks of flats will decline. Construction in the Stockholm region fell significantly last year, whereas trends have been stable

in the rest of the country, with particular growth in small house construction. The incipient upswing will bring the decline in construction investments to a halt next year. The Swedish National Institute of Economic Research KI estimated last December that residential investments will increase by 2.6 and 6.2 per cent during the present and the next year.

In January, Nordea forecast that the growth in fixed investments in Sweden will amount to 2.3 per cent this year and to 6.1 per cent the next. Industrial investments in turn would rise by 3.5 and 8 per cent, correspondingly. Nordea estimates that GDP growth will amount to 2.5 per cent this year and to 3 per cent the next.

Norway

The decline in Norges Bank's key interest rate ("sight deposit rate") from 7 to 2.5 per cent during the year now ended supports consumption and investments. Investments in mainland Norway will swing to growth of 2.2 and 3.2 per cent during the present and the next year. Nordea estimates that oil investments in Norway will grow by 5 per cent. According to the same forecast, GDP growth in mainland Norway will rise by 3.4 per cent this year and by 2.9 per cent the next. Last November, Euroconstruct forecast that building construction will decline by slightly under one per cent this year and by 2.7 per cent next year; growth in 2006 will in that case amount to 1.5 per cent. The decline in new construction will be greater, but renovation will increase and balance out the trend in construction. According to the Federation of Norwegian Construction Industries BNL, the number of residential start-ups in 2003 remained at the previous year's level and amounted to 22,487 residential units. During the next two years, residential renovation will increase at a rate of 2 per cent, while other types of building

repair works will grow at a rate of 3 per cent. The largest current offshore investment is ongoing at the Snöhvit gas field.

Denmark

In January, Nordea assessed that Denmark's economy is growing moderately, with private consumption and domestic demand as the engines of growth. Disposable income will increase thanks to tax relief in 2004–2007. Investments will grow by 3.3 and 3.7 per cent during the present and the next year. Exports are also forecast to strengthen during the upcoming two years. Last November, Euroconstruct estimated that the Danish building construction market will see stable growth of 2.4 per cent per year from 2004 to 2006. Residential production will rise by about 3 per cent and other types of building construction by 1.7 per cent annually. The slowest increase is seen in industrial facility and office construction. Growth in new construction outpaces renovation. The number of new residential start-ups will rise steadily from last year's figure of 20,000 residences to 21,500 in 2006. Activity is centred around Copenhagen and other large cities.

Baltic countries and Russia

Growth in GDP and investments in the Baltic countries and Russia significantly outpaces the Nordic countries. Nordea predicts that GDP growth this year and the next will amount to 5.2 and 5 per cent in Russia, 4.9 and 5.6 per cent in Estonia, 6.8 and 6.5 per cent in Latvia and 7.7 and 7.5 per cent in Lithuania. The Baltic countries' entry into the EU in May will maintain a double-figure investment growth rate both during the present and the next year. Nordea predicts that investments in Russia will grow by 9 per cent during the present year and by 6 per cent the next.

The greater affluence of the middle class has strengthened demand for residences in the metropolises, such as in Moscow, St Petersburg, Tallinn and Vilnius.

Market outlook for Building Systems

The outlook for YIT Building Systems' business functions is largely based on assessments of the trends in the construction and property services market in Finland, Sweden, Norway and Denmark and the order backlog for industrial investments and shipyards.

The value of total construction output in the Nordic countries was EUR 74 billion last year. Each Nordic country accounted for about one-quarter of this figure. In its forecast last November, Euroconstruct estimated that construction will grow by 2–2.5 per cent on average annually in the Nordic countries in 2004–2006. During the next three years, growth will be most rapid in Sweden and Finland, while it will be moderate in Denmark. Construction will decline slightly in Norway in 2005, but grow during the other years. Nordic residential construction will grow, while other types of new building construction will increase slightly. There will be growth in repair works and civil engineering. The demand for building systems as part of construction works will rise in 2004–2006.

The trend in the value of facility management is stable. Growth is generated by new user services. The outsourcing trend is continuing in property services.

During the past two years, demand for capital investment services for industry has been overshadowed by the slight order backlog for industrial investments and the marine industry in all of the Nordic countries, which is the result of slow economic growth and low industrial capacity utilization ratios. It is estimated that invest-

ments will increase moderately in all the Nordic countries both during the present year and the next. The construction of Finland's fifth nuclear power plant, the construction of the extension to Fortum's refinery in Porvoo, Finland, the construction of the Snöhvit gas field in Norway and other projects will call for a significant volume of construction, building system, industrial piping and electrical works during the next few years. The outlook for industrial maintenance is good.

Growth in the maintenance business imparts stability to the annual trend in YIT Building Systems' net sales. In 2003, the maintenance and servicing business accounted for 59 per cent of YIT Building Systems' net sales.

YIT's outlays grow on the Russian residential market

The rapid growth of the Russian economy has led to higher demand for non-rental housing. YIT has stepped up its outlays on the Russian housing market, especially in the St Petersburg and Moscow regions. Plots in good areas have been acquired for residential construction. A joint venture named YIT Ramenje has been established to handle residential construction in the Moscow region. In 2004, it will start up the construction of about 1,400 residential units. YIT will start up the construction of a total of about 3,000 residential units in Russia and Baltic countries in 2004.

EARNINGS TRENDS OF THE BUSINESS SEGMENTS

Building Systems

The net sales of Business Systems amounted to EUR 681.0 million in 2003. This figure includes the full-year net sales of YIT Building Systems and YIT Calor, which were formerly parts of YIT Installation, as

well as the net sales of the acquired Building Systems business during the period from August 29 to December 31, 2003. The acquired business contributed EUR 335 million to net sales. In 2002, the net sales of the units of the business segment that were part of the YIT Group were EUR 341 million (pro forma). The maintenance and servicing business accounted for 59 per cent of the net sales of the business segment. The breakdown of net sales by country was as follows: Finland (including the Baltic countries and Russia), EUR 241 million, Sweden, EUR 305 million, Norway, EUR 98 million, and Denmark, EUR 37 million.

The business segment posted an operating loss of EUR 19.7 million. The loss was primarily due to integration costs and the cost of overhauling operations in Sweden. Integration costs in 2003 amounted to EUR 5.8 million. In 2004, they are estimated to be about EUR 3 million. The costs primarily comprise information technology, the overhaul of the external corporate image and personnel training.

At the beginning of October, an action programme was started up to improve the profitability of the Building Systems business functions in Sweden. The main aspects of the action programme were focusing on the core business, reducing fixed costs and downscaling operations to match demand in loss-making areas. The action programme progressed in accordance with plans and the payroll was cut by a total of 320 people. A total of EUR 11.5 million in personnel downscaling costs were recorded in 2003.

The order backlog at the end of the year was EUR 502.3 million (EUR 140.6 million). The breakdown of the backlog by country was: Finland, EUR 164.3 million, Sweden, EUR 166.0 million, Norway, EUR 75.7 million, and Denmark, EUR 96.3 million.

Building Systems was YIT's largest business segment in terms of person-

nel. At the end of the year, it had 11,812 employees. Of them, 3,589 worked in Finland, 4,266 in Sweden, 2,719 in Norway, 1,008 in Denmark and 230 in the Baltic countries and Russia.

Construction Services

The business segment's net sales in 2003 grew by 26 per cent to EUR 1,398.5 million (EUR 1,111.8 million). The strongest growth during the report year was seen in residential construction in Finland and international operations focusing on the Baltic countries and Russia. Infrastructure maintenance also registered buoyant growth.

The share of the net sales of the Building Construction division accounted for by residential construction rose to 86 per cent. The net sales of Building Construction include developer contracting-related double net sales (sales of shares in own production) of EUR 237.7 million (EUR 156.6 million).

Net sales by division:

	1-12/2003	1-12/2002	Change
Building			
Construction	868.7	619.4	40%
Business Premises (formerly Property Services)	200.5	206.8	-3%
Infraservices	125.9	118.8	6%
International			
Operations	204.2	168.4	21%
Other items	-0.8	-1.6	-50%
Construction Services, total	1,398.5	1,111.8	26%

Operating profit grew by 53 per cent to EUR 107.8 million (EUR 70.3 million). The operating profit of International Operations includes about EUR 30 million in capital gains from the sale of Makroflex. The operating profit of Business Premises is reduced by EUR 5.7 million in losses

booked as a result of a ruling by the Helsinki District Court in the claim concerning the refurbishing of SOK's former head office property. YIT has appealed the decision.

Operating profit by divisionseuraavasti:

	1-12/2003	1-12/2002	Change
Building			
Construction	65.8	49.3	33%
Business Premises	7.5	13.1	-43%
Infraservices	2.6	4.1	-37%
International			
Operations	35.9	6.2	479%
Other items	-4.0	-2.4	67%
Construction Services, total	107.8	70.3	53%

Return on investment was 28.2 per cent (19.6%). The order backlog was a third higher at the end of the period than a year earlier, having risen to EUR 817.7 million (EUR 619.3 million). The order backlog grew in all divisions, with Infraservices seeing especially strong growth. International orders accounted for 27 per cent of the order backlog. At the end of the year, Construction Services employed 5,268 people, of whom 1,458 worked outside Finland. At the beginning of 2004, 351 people moved into the employ of Building Systems when YIT Rapido Property Management Services Ltd became part of YIT Kiinteistötekniikka Oy.

Demand for non-rental housing remained good in the growth centres and the municipalities surrounding the Greater Helsinki area. Start-ups of market-financed rental housing and State-supported rental and tenancy entitlement housing declined. In 2003, YIT started up the construction of 3,108 (3,278) residential units in Finland, of which 2,826 (2,244) were market-financed. 2,996 (3,170) residences were completed during the review period, of which 1,796

(1,534) were market-financed. At the end of the year, a total of 3,446 (3,338) residences were under construction, of which 3,224 (2,198) were market-financed. There were 65 (85) unsold completed residences at the end of the year.

Demand for market-financed non-rental housing was also on the rise in the growth centres of the Baltic countries. Demand strengthened further on the residential market of St Petersburg. In 2003, YIT sold a total of 606 residences in St Petersburg, Tallinn and Vilnius. 351 new residential units were started up in these cities.

The number of vacant business premises increased in Finland's growth centres, hindering the start-up of new construction projects. The number of new business premise start-ups declined. Demand for commercial and logistics facilities remained stable. The amount of public investments contracted, even though there was a need for them due to the brisk population shift. Capital investments by industry also remained slight. On the other hand, demand for renovation and maintenance services grew.

Services for Industry

In 2003, the net sales of Services for Industry amounted to EUR 209.7 million (EUR 240.5 million; pro forma). The decline in net sales was due to the weak level of investments by industry. The share of net sales accounted for by the maintenance and servicing business was 57 per cent. The share accounted for by international operations was 13 per cent.

The profitability of the business segment weakened in step with the business climate and its operating profit amounted to EUR 8.8 million.

At the end of the year, Services for Industry's order backlog had declined compared with the previous year and amounted to EUR 67.2 million (EUR 84.9

million). The number of employees at year's end was 3,117.

The market situation became tight in 2002 and this situation persisted in 2003. Demand for industrial maintenance remained stable and production plants continued to outsource their maintenance functions. The number of investments contracted strongly once again. However, a great deal of modernization projects were carried out. Demand in the marine industry slumped and the international demand situation was weak.

2003 involved a great deal of preparatory, tender and sales work for upcoming large projects. These projects include Fortum's Diesel project, Finland's fifth nuclear power plant and nuclear power plant maintenance projects in Finland and Sweden.

Data Network Services

In 2003, the net sales of Data Network Services amounted to EUR 130.0 million (June-Dec./2002: EUR 95.8 million). Of the net sales, 61 per cent (59%) were generated by long-term service agreements and 39 per cent (40%) by project production.

The business segment's operating profit was EUR 10.7 million (EUR 6.0 million). Return on investment was 26.8 per cent (22.8%). The order backlog at year's end was EUR 102.9 million (EUR 94.0 million).

At the end of the year, Data Network Services employed 1,463 people (1,619). At the beginning of 2004, 134 of these employees transferred over to Building Systems, when YIT Primatel's property network and security business became part of YIT Kiinteistötekniikka Oy.

Market trends in Data Network Services were muted in 2003 and demand for its services declined. Investments in telecom networks remained slight. The growth in the number of broadband connections remained strong.

Operators began to venture into new geographical market areas. As operators now maintain a stronger presence in overlapping areas, more demand was created for YIT's services. New cooperation agreements for the provision of installation services were made during the report year.

Events after the end of the review period

The action programme started up at the beginning of October to improve the profitability of the acquired Building Systems business in Sweden is progressing in accordance with plans. On January 14, 2004, YIT announced that personnel cuts totalled 320 employees. The cuts were implemented by means of pension solutions, employment termination and sales of business functions.

On February 5, 2004, YIT signed an agreement with VR Corporation concerning the acquisition of residential plots in Vallila, Helsinki. The deal will be consummated stage by stage as construction progresses after the zoning change has come into legal force. It is intended that over one thousand residential units will be built in the area.

On February 19, 2004, the Board of Directors decided that YIT will begin to comply with the recommendations on the Corporate Governance of listed companies that were released by HEX Ltd, the Central Chamber of Commerce and the Finnish Confederation of Industry and Employers TT in December 2003.

Outlook for 2004

The YIT Group's net sales will grow substantially and its profit before extraordinary items and taxes is expected to be better than in the previous year.

Board of Directors

Income statement (EUR thousands)

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	Note	Consolidated		Parent Company	
		2003	2002	2003	2002
Net sales	1)	2,389,667	1,763,047	1,338	2,879
Change in inventories of finished goods and in work in progress		14,104	-3,964		
Production for own use		2,205	643		
Share of results of associated companies		71	802		
Other operating income	2)	32,401	3,126	6,287	3,199
Materials and services	3)	1,385,666	1,015,613		
Personnel expenses	4)	602,834	417,390	4,791	4,150
Depreciation and value adjustments	5)	37,779	29,681	548	454
Other operating expenses		313,628	211,160	14,281	12,150
		2,339,907	1,673,844	19,620	16,754
Operating profit	6)	98,541	89,810	-11,995	-10,676
Financial income and expenses	7)	-14,202	-12,194	-469	-400
Profit before extraordinary items		84,339	77,616	-12,464	-11,076
Extraordinary items	8)			82,863	53,630
Profit before taxes		84,339	77,616	70,399	42,554
Income taxes	9)	-35,460	-33,778	-20,426	-22,750
Minority interests		-495	-812		
Profit for the financial year		48,384	43,026	49,973	19,804

	Note	Consolidated		Parent Company	
		2003	2002	2003	2002
ASSETS					
Non-current assets					
Intangible assets	10)				
Intangible rights		2,130	945	144	113
Goodwill		168,854	161		
Other capitalized expenditure		9,686	8,555	116	127
Advance payments		16	22		
		180,686	9,683	260	240
Goodwill on consolidation		78,024	71,768		
Tangible assets	10)				
Land and water areas		2,948	3,056	1,024	682
Buildings and structures		12,629	15,706	2,166	1,117
Machinery and equipment		46,604	40,858	1,007	882
Other tangible assets		1,488	1,269	317	260
Advance payments		3,062	1,058		
		66,731	61,947	4,514	2,941
Investments	11,21)				
Shares in Group companies				417,593	326,555
Shares in associated companies		3,224	3,448		
Other shares and holdings		3,014	3,533	284	1,057
Own shares			7,173		7,173
Other investments		1,688	142		
		7,926	14,296	417,877	334,785
Total non-current assets		333,367	157,694	422,651	337,966
Current assets					
Inventories					
Raw materials and consumables		17,554	14,950		
Work in progress	19)	94,971	50,124		
Other inventories	12)	256,855	266,048		
Advance payments		11,415	7,012		
		380,795	338,134		
Receivables	13)				
Deferred tax assets		7,022	7,536		
Trade receivables		427,025	235,330	485	582
Loan receivables		196,334	156,667	285,899	160,854
Other receivables		31,434	15,571	88,046	58,661
Prepaid expenses and accrued income		119,125	88,379	3,124	1,681
		780,940	503,483	377,554	221,778
Marketable securities	14)	11,923	10,691	11,039	9,840
Cash in hand and at bank		48,447	28,247	16,631	2,306
Total current assets		1,222,105	880,555	405,224	233,924
Total assets		1,555,472	1,038,249	827,875	571,890

Balance sheet

(EUR thousands)

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	Note	Consolidated		Parent Company	
		2003	2002	2003	2002
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	15)				
Share capital		61,047	59,493	61,047	59,493
Share premium reserve		70,184	58,478	70,184	58,478
Reserve for own shares			7,173		7,173
Legal reserve		689	482		
Retained earnings		228,024	204,547	150,354	149,638
Profit for the financial year		48,384	43,026	49,973	19,804
		408,328	373,199	331,558	294,586
Minority interest		3,363	2,929		
Provisions	16)	27,295	14,178		
Liabilities					
Deferred tax liability	17)	7,110	6,915		
Non-current liabilities	17)				
Bonds		155,000	73,637	155,000	73,637
Loans from credit institutions		28,376	32,105	28,364	31,581
Pension loans		18,044	24,301	18,019	23,374
Trade payables		558	329		
Other long-term liabilities		1,811	946		9
		203,789	131,318	201,383	128,601
Current liabilities	18)				
Bonds		28,592		28,592	
Loans from credit institutions		3,953	6,540	3,634	3,217
Pension loans		5,660	5,712	5,660	5,676
Advances received	19)	100,631	71,757		
Debts to construction fund		232,294	164,205		
Trade payables		122,481	71,869	1,177	531
Other current liabilities		131,486	52,664	246,918	134,628
Accrued expenses and deferred income		280,490	136,963	8,953	4,651
		905,587	509,710	294,934	148,703
Total liabilities		1,116,486	647,943	496,317	277,304
Total shareholders' equity and liabilities		1,555,472	1,038,249	827,875	571,890

Cash flow statement

(EUR thousands)

	Consolidated		Parent Company	
	2003	2002	2003	2002
Cash flow from operating activities				
Profit before extraordinary items	84,339	77,616	-12,464	-11,076
Adjustments:				
Depreciation according to plan	37,779	29,681	548	454
Other non-cash flow income and expenses	8,196	1,414		6
Gains/losses on sale of tangible and intangible assets	-29,475	-941	-941	-6
Financial income and expenses	14,202	12,194	469	400
Cash flow before change in working capital	115,041	119,964	-12,388	-10,222
Change in working capital				
Change in current non interest-bearing receivables	-278,854	-18,399	-4,709	11,129
Change in inventories	-41,308	-78,865		
Change in current non interest-bearing liabilities	345,573	104,279	34,978	-2,342
Cash flow from operations before financial items and taxes	140,452	126,979	17,881	-1,435
Interest paid and other financial expenses	-14,729	-13,893	-10,855	-11,355
Dividends received	337	88	2,213	2,440
Interest received and other financial income	2,745	1,420	9,150	8,542
Taxes paid	-31,175	-37,935	-16,566	-25,732
Cash flow from operating activities	97,630	76,659	1,823	-27,540
Cash flow from investing activities				
Investments in tangible and intangible assets	-230,525	-60,260	-931	-814
Proceeds from sale of tangible and intangible assets	37,507	12,365	15	
Other investments	-2,408	-338	-92,848	-37,336
Proceeds/losses from sale of investments	1,422	-392	1,715	7
Cash used in investing activities	-194,004	-48,625	-92,049	-38,143
Cash flow from financing activities				
Issuance of share capital	9,515	4,283	12,448	4,283
Purchase of own shares	12,448	-712	9,512	-712
Change in loan receivables	101	844	-125,046	9,977
Change in short-term loans	23,579	-310	80,445	21,152
Raising of long-term loans	117,686	10,403	115,000	10,000
Repayment of long-term loans	-19,262	-16,126	-13,978	-9,243
Dividends paid	-26,261	-24,494	-26,261	-24,494
Group contributions received			53,630	51,000
Cash used in financing activities	117,806	-26,112	105,750	61,963
Change in liquid funds	21,432	1,922	15,524	-3,720
Liquid funds at January 1	38,938	37,016	12,146	15,866
Liquid funds at December 31	60,370	38,938	27,670	12,146

Accounting policy

YIT Corporation (Business ID 0112650-2) is the parent company of the YIT Group. The company is domiciled in Helsinki, Finland. Copies of the consolidated financial statements are available at the address YIT Corporation, Panuntie 11, FI-00620 Helsinki, Finland.

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 investments.

Intra-Group transactions and margins

The revenue and expenses between Group companies have been eliminated in the consolidation, along with 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 difference between subsidiaries' acquisition value and the balance sheet values has been entered in the consolidated balance sheet as goodwill on consolidation. The goodwill items arising before 1995 have been amortized according to a 10 per cent straight-line schedule. The goodwill on consolidation arising after 1995 has been amortized on a straight-line basis over 5-10 year periods. The goodwill on consolidation arising from additional purchase prices paid after the year of acquisition has been amortized in one sum. The goodwill on consolidation arising from the acquisition of the Building Systems business will, as a rule, be amortized on a straight-line basis over a 10 year period. The length of the amortization period is affected by the scope of the acquired busi-

ness and the fact that its territory extends into the Nordic and Baltic countries.

Minority interests

Minority interests have been separated out from the subsidiaries' shareholders' equity, depreciation difference and net profit and are presented as separate items under shareholders' equity and liabilities in 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 shares of the aggregate results of associated companies, calculated in accordance with the Group's holdings in them, 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 acquisition costs less depreciation according to plan.

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:

Goodwill	5-10 years
Buildings	5-40 years
Machinery and equipment	3-15 years
Other fixed assets	4-40 years

Personal computers and their printers are recorded directly as expenses.

The goodwill arising from the Building Systems business acquired during the report year will be amortized over 7 years in Denmark and over 10 years in Finland and Norway.

Inventories

Inventories have been valued either at the acquisition cost including variable costs arising from purchase or manufacture, or at 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 substances 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 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. Projects that are partially credited to earnings are spread over two financial periods. 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 expenses in its entirety.

The Building Systems business, which was acquired during the financial year, will adopt the YIT Group's accounting principles in the 2004 financial year.

Items denominated in foreign currency

Receivables and liabilities in foreign currency have been valued at the exchange rates quoted by the European Central Bank on December 31, 2003. Forward exchange contracts related to loan receivables and liabilities have been valued according to the market rates on December 31, 2003.

In carrying out consolidation, the financial statements of foreign subsidiaries have been translated into euros using the exchange rates quoted by the European Central Bank on December 31, 2003. The translation difference arising therefrom has been credited to non-restricted equity.

Investments in the shareholders' equities of foreign subsidiaries have been

hedged with loans denominated in foreign currency, forward exchange contracts and currency swaps. In the consolidated financial statements, the exchange rate differences arising from hedging have been booked in shareholders' equity against the translation difference of shareholders' equity amounts denominated in foreign currency.

Agreements denominated in foreign currencies are hedged with forex derivatives. Exchange differences in hedging have been recorded as revenue in accordance with the degree of completion of projects.

Pension arrangements

Pension security for the employees of Group companies has mainly been covered through policies with external pen-

sion insurance companies. Pension liabilities that are directly recorded as expenses are shown in the balance sheet under non-current liabilities.

Leasing payments

Leasing payments are recorded as annual expenses and rents for future years are presented in the notes to the financial statements.

Guarantee liabilities

10-year liabilities in the construction industry are recorded as expenses when they are incurred.

Appropriations

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 local tax bases. In accordance with the Finnish Companies Act, the portion calculated in shareholders' equity is not part of distributable equity.

Income 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 deferred tax liabilities. Deferred tax liabilities and tax assets are calculated on the periodization differences between the taxation calculations and the financial statements, applying the local tax bases.

M 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 equity and earnings generated by operations against foreign exchange risks.

Shareholders' equity items of significant international subsidiaries are hedged by means of loans taken out in foreign currency and through derivative contracts.

The Group's net exposure is hedged against foreign exchange risks by means of loans, deposits and derivative instruments. The position to be hedged includes contractual accounts receivable and accounts payable as well as assets and liabilities denominated in foreign currency.

Subsidiaries' contractual currency flows are hedged on a company-specific basis against the base currency of the company in question. Hedging is performed by the parent company's Finance Department, either as intra-Group or external transactions.

The derivative instruments used are forward exchange contracts, swaps and options.

Interest rate risk

The management of interest rate risk across YIT's units is centralized within the parent company's Finance Department.

Interest rate risks are examined from the perspective of both the financial balance sheet and the entire balance sheet. The main focus in 2003 was on managing interest rate risks having an effect on earnings in the financial balance sheet.

The loan portfolio comprises the bulk of the company's financial balance sheet. The interest rate risk connected with interest-bearing liabilities 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 and funding on a centralized basis. YIT's internal debt relationships exist directly between the Group's parent company and the subsidiaries.

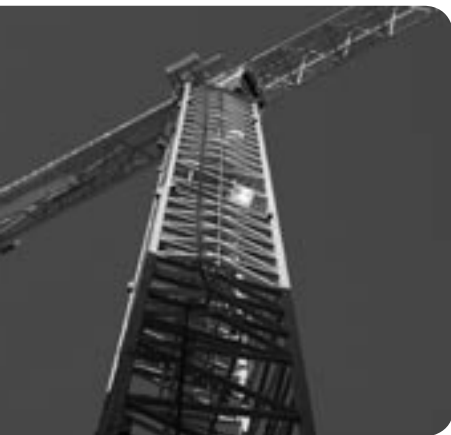
The Group's liquidity management is based on the financial budget as well as on short-term, up-to-date cash funds planning.

The tools used in liquidity management are Group bank accounts with an overdraft, financing credit facilities and commercial paper programmes. Deposits will not be used as a liquidity buffer until the Group's equity ratio exceeds the strategic target limit (40%).

Definitions of financial indicators

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



Risk management policy

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

YIT's risk management policy is defined as follows:

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

Efficient risk management seeks to minimize the total risk the company is exposed to and thereby increase the company's value. Integrated risk management hinges on the management of the company's total risk exposure from the entire Group's perspective, and not just the management of individual risk factors.

Major risk factors

YIT has specified the major risk factors and their management from the entire Group's perspective.

Strategic risks

YIT's risk management is developed to ensure the implementation of the strategy. A vital element in the management of strategic risks comprises anticipating market changes and reacting to them.

Management and monitoring system

The company seeks to ensure the functionality of the management and monitoring system with an efficient organization and monitoring system, skilled management and the training and development of management.

Corporate Governance

A top-notch administration and control system plays a key role in the company's success. The specification of rights and obligations, compliance with rules, the setting of objectives for the company and the monitoring of their realization increases the efficiency of the company's operations and confidence in the company. Efficient administration and the transparency of operations maintain investors' and shareholders' interest in the company. YIT complies with the recommendations on the Corporate Governance of listed companies that were released by HEX Ltd, the Central Chamber of Commerce and the Finnish Confederation of Industry and Employers TT in December 2003.

Capital management

YIT seeks to achieve optimal capital structure management. The continuous monitoring of the equity ratio, return on investment and cash flow comprise part of YIT's capital management. Strategic target levels have been set for the equity ratio and return on investment. Generating cash flow has been set as YIT's strategic focus area for the near future.



Acquisitions and the integration of the acquirees

Properly targeted acquisitions can promote the company's profitable growth and reduce its total exposure to risks by reducing its dependence on the ups and downs of the business cycle, increasing the share of business operations accounted for by the maintenance and servicing business and through geographical diversification. When acquisitions are carried out, important risk management methods include an efficiently implemented integration programme, eliciting commitment from key employees and giving all employees orientation on YIT's corporate culture. YIT has had good experiences of successful integration, such as in the Calor, Primatel and Building Systems acquisitions.

Availability of competent employees

As YIT's business operations become more skill- and service-intensive, the importance of skilled employees increases. The company's objectives are so demanding that it must be ensured that it has access to the best possible employees. YIT seeks to maintain its good image as an employer and to hold on to its position as a pioneer in its field. YIT makes outlays on continuous on-the-job learning, internal training, job rotation and the development of employees' opportunities to participate.

Economic trends

General economic trends affect YIT's earnings trend. A significant share of earnings comes from market-financed residential construction in Finland. In addition to the population shift, the briskness of demand for residences in the Greater Helsinki area and the other growth centres is affected by interest rate levels, household income levels and consumers' confidence in the development of their own finances. Changes in economic development also impact on the earnings trends of YIT's other business areas. By means of the continuous monitoring and analysis of economic, demographic and technological factors, the company can react to changes in time and tap into the new business opportunities they open up.

Project management

Efficient project management at the operational level in business functions plays a key role in achieving profitability, cost-efficiency and good cash flow. Project management is developed constantly through the systematic monitoring of results, the development of offer activities and contractual expertise, and training.

Large projects

In the next few years, major industrial, energy and traffic infrastructure projects in which optimal resource management and scheduling are required will be started up. It is ensured in advance that the company has sufficient expertise in managing large projects. The share of the entire Group's net sales accounted for by large projects will be kept at a controlled level.

Risk management organization and reporting

The Board of Directors approves the risk management policy and objectives as well as guides and monitors the planning and implementation of risk management.

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

The management of the business segments identifies and assesses the major risks of their respective business segments and draws up contingency plans for the risks. The risk responsibilities and obligations are centralized in the business segments. The management of the business segments reports to Group management.

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
CONSOLIDATED INCOME STATEMENT											
Net sales	MEUR	545.6	660.0	876.3	941.4	1,167.7	1,222.1	1,235.4	1,623.1	1,763.0	2,389.7
Change in net sales	%	5.2	21.0	32.8	7.4	24.1	4.7	1.1	31.4	8.6	35.5
Net sales outside Finland	MEUR	135.2	156.2	157.4	171.1	200.0	165.3	146.4	330.5	386.9	672.5
Operating income and expenses	MEUR	-520.7	-630.4	-818.2	-871.4	-1,095.7	-1,141.2	-1,126.8	-1,497.2	-1,643.5	-2,253.3
Depreciation and value adjustments	MEUR	-8.1	-10.2	-12.9	-13.4	-14.2	-12.9	-13.9	-16.8	-16.9	-23.4
Amortization of goodwill	MEUR	-0.3	-0.4	-3.0	-2.6	-3.3	-5.7	-5.0	-9.4	-12.8	-14.4
Operating profit	MEUR	16.5	19.0	42.2	54.0	54.5	62.3	89.7	99.7	89.8	98.6
as percentage of net sales	%	3.0	2.9	4.8	5.7	4.7	5.1	7.3	6.1	5.1	4.1
Financial income and expenses, net	MEUR	-7.2	-16.8	-13.6	-10.8	-8.5	-7.1	-10.2	-10.9	-12.2	-14.2
Profit before extraordinary items	MEUR	9.3	2.2	28.6	43.2	46.0	55.2	79.5	88.8	77.6	84.4
as percentage of net sales	%	1.7	0.3	3.2	4.6	3.9	4.5	6.4	5.5	4.4	3.5
Extraordinary income	MEUR 152.7*)		0.1	1.6	10.8	0.1	18.5				
Extraordinary expenses	MEUR 158.9*)		0.2	2.2	1.2	0.3		-0.1			
Profit before taxes	MEUR	3.1	2.1	28.0	52.8	45.8	73.7	79.4	88.8	77.6	84.4
as percentage of net sales	%	0.6	0.3	3.2	5.6	3.9	6.0	6.4	5.5	4.4	3.5
Profit for the financial year	MEUR	0.6	0.1	20.7	40.9	28.4	60.7	54.7	61.6	43.0	48.4
as percentage of net sales	%	0.1		2.4	4.3	2.4	5.0	4.4	3.8	2.4	2.0

*) Change in recording of income from projects

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
CONSOLIDATED BALANCE SHEET											
ASSETS											
Intangible assets	MEUR	1.5	1.4	2.3	4.1	5.4	8.3	10.1	7.7	9.7	180.7
Goodwill on consolidation	MEUR	2.4	17.4	15.2	11.6	12.1	12.3	13.7	46.9	71.8	78.0
Tangible assets	MEUR	161.6	96.5	93.8	78.6	88.1	78.3	85.2	69.7	61.9	66.8
Investments											
Owns shares	MEUR						4.2	7.8	6.5	7.2	
Other investments	MEUR	21.2	17.3	10.8	10.5	13.8	11.4	11.0	6.3	7.1	7.9
Inventories	MEUR	158.7	205.1	181.3	217.5	222.2	175.4	249.4	259.3	338.1	380.8
Receivables	MEUR	144.5	257.8	259.7	300.9	320.1	389.2	411.0	483.0	503.5	781.0
Marketable securities	MEUR	8.5	12.1	9.9	3.7	5.1	13.4	1.4	18.6	10.7	11.9
Cash in hand and at bank	MEUR	18.4	17.9	8.8	16.4	10.5	10.2	11.2	18.4	28.2	48.4
Total assets	MEUR	516.8	625.5	581.8	643.3	677.3	702.7	800.8	916.4	1,038.2	1,555.5
SHAREHOLDERS' EQUITY AND LIABILITIES											
Share capital	MEUR	41.0	41.0	41.0	49.3	49.3	58.8	58.8	58.8	59.5	61.0
Other shareholders' equity	MEUR	76.5	63.9	82.4	157.6	176.3	212.7	250.2	291.6	313.7	347.3
Minority interests	MEUR	14.2	6.7	7.6	10.1	11.1	6.7	1.6	3.2	2.9	3.4
Provisions	MEUR	6.9	8.4	4.2	4.4	3.2	6.7	6.9	10.1	14.2	27.3
Non-current liabilities											
Interest-bearing	MEUR	156.6	184.5	166.5	120.9	128.4	125.2	89.2	133.5	130.4	202.6
Non interest-bearing	MEUR	4.9	20.9	18.2	7.1	9.3	4.8	3.3	7.7	7.8	8.3
Current liabilities											
Interest-bearing	MEUR	70.5	110.0	82.6	69.1	44.7	15.5	38.9	14.2	12.6	62.2
Advances received	MEUR	48.3	46.6	37.0	41.2	42.4	43.7	47.1	54.5	71.8	100.6
Other non interest-bearing	MEUR	97.9	143.5	142.3	183.6	212.6	228.6	304.8	342.8	425.3	742.8
Total shareholders' equity and liabilities	MEUR	516.8	625.5	581.8	643.3	677.3	702.7	800.8	916.4	1,038.2	1,555.5

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
OTHER KEY FIGURES											
Cash flow from operating activities	MEUR		-102.3	46.1	15.9	53.6	64.4	47.3	40.3	76.7	97.6
Return on equity	%	5.7	neg.	19.0	21.7	13.9	18.3	19.1	19.1	12.2	12.5
Return on investment	%	7.1	6.0	11.8	14.5	13.7	15.5	21.2	21.6	17.8	16.8
Equity ratio	%	28.2	19.3	24.0	36.0	37.3	41.6	40.2	40.3	38.2	28.3
Net interest-bearing debt	MEUR						117.1	115.4	110.7	104.1	204.4
Gearing ratio	%	166.0	237.1	175.9	78.4	66.6	42.8	38.1	31.9	28.2	49.6
Gross capital expenditure on non-current assets	MEUR	6.9	18.2	15.5	24.7	35.9	35.6	34.3	75.1	60.6	232.9
as percentage of net sales	%	1.3	2.8	1.8	2.4	3.1	2.9	2.8	4.6	3.4	9.7
Expenditure for research and development	MEUR					6.7	8.4	10.0	12.0	13.0	16.0
as percentage of net sales	%					0.6	0.7	0.8	0.7	0.7	0.7
Backlog of orders at December 31	MEUR	332.8	346.1	319.7	411.7	477.5	479.1	574.7	735.8	938.8	1,490.1
of which orders from abroad	MEUR	96.2	76.9	57.7	91.8	89.2	46.8	57.3	180.2	255.0	569.5
Number of employees at December 31		4,225	7,655	6,421	7,116	7,536	8,282	8,605	10,264	12,633	21,939
Average number of employees		4,145	5,661	7,184	6,531	7,340	8,721	8,189	10,118	11,990	16,212

		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
PER-SHARE KEY FIGURES											
Earnings/share	EUR	0.29	-0.05	0.88	1.23	0.98	1.59	1.90	2.14	1.49	1.64
Earnings/share, diluted	EUR									1.47	1.63
Equity/share	EUR	4.83	4.30	5.06	7.06	7.69	9.25	10.52	11.92	12.54	13.38
Dividend/share	EUR	0.00	0.08	0.25	0.34	0.42	0.60	0.75	0.85	0.90	1.20*)
Dividend/earnings	%		neg.	28.8	27.4	43.0	37.7	39.5	39.7	60.4	73.2*)
Effective dividend yield	%		1.6	2.8	3.3	5.7	5.5	5.5	6.3	5.4	4.5
Price/earnings multiple (P/E)		26.7	neg.	10.3	8.4	7.6	6.9	7.2	6.3	11.3	16.4
Share price trend											
Average price	EUR	8.28	6.44	8.03	11.06	10.76	8.77	12.73	12.66	16.40	20.70
Low	EUR	3.95	4.71	4.37	9.25	6.56	6.50	10.40	10.42	13.20	14.01
High	EUR	9.25	8.91	9.92	12.19	16.15	11.00	14.20	13.95	19.65	27.70
Price at December 31	EUR	7.74	5.21	9.07	10.34	7.40	10.90	13.60	13.50	16.79	26.90
Market capitalization at December 31	MEUR	188.9	127.3	221.4	303.1	217.1	315.0	389.3	389.7	489.9	821.1
Share turnover trend											
Share turnover	1,000	2,619	2,360	8,726	16,006	11,831	9,066	10,825	4,448	9,912	14,640
Share turnover as percentage of shares outstanding	%	11.8	9.7	35.7	57.1	40.4	31.4	37.8	15.4	35.2	49.5
Weighted average share-issue adjusted number of shares outstanding	1,000	22,192	24,421	24,423	28,042	29,308	28,871	28,762	28,747	28,970	29,552
Weighted average share-issue adjusted number of shares outstanding, diluted	1,000									29,257	29,624
Share-issue adjusted number of shares outstanding at December 31	1,000	24,419	24,423	24,423	29,303	29,338	28,897	28,626	28,868	29,179	30,523

*) Board of Directors' proposal

Definitions of financial indicators on page 75.

Notes to the income statement

(EUR thousands)

	Consolidated		Parent Company	
	2003	2002	2003	2002
1. Net sales				
Net sales by business segment				
Building Systems	681,029			
Construction Services	1,398,544	1,111,801		
Services for Industry	209,670			
Data Network Services	129,954	95,752		
YIT Installation		581,745		
Other items	-29,530	-26,251	1,338	2,879
Total	2,389,667	1,763,047	1,338	2,879
Net sales include:				
Sale of company-built condominium shares	243,056	162,243		
Net sales by geographical area				
Finland	1,717,145	1,376,181	1,338	2,879
Nordic Countries	446,370	227,973		
Russia	78,876	40,622		
Baltic Countries	111,873	96,963		
Other Europe	20,455	18,138		
Asia	9,490	2,818		
Africa	225	352		
USA	5,233			
Total	2,389,667	1,763,047	1,338	2,879
2. Other operating income				
Capital gains on disposal of fixed assets	29,470	1,505	941	
Others	2,931	1,621	5,346	3,199
Total	32,401	3,126	6,287	3,199
3. Materials and services				
Raw materials, consumables and goods				
Purchases during the period	852,199	614,147		
Change in inventories	3,506	-64,202		
	855,705	549,945		
External services	529,961	465,668		
Total	1,385,666	1,015,613		
4. Information concerning personnel and members of administrative bodies				
Personnel expenses				
Wages, salaries and fees	465,179	323,806	3,567	3,137
Pension expenses	66,282	49,431	889	696
Other indirect employee costs	71,373	44,153	335	317
Total	602,834	417,390	4,791	4,150

	Consolidated		Parent Company	
	2003	2002	2003	2002
Salaries and fees to the management				
Presidents and Executive Vice Presidents	4,406	3,780	806	784
Members of the Board of Directors	93	92	93	92
Total	4,499	3,872	899	876
Average number of personnel by business segment				
Building Systems	6,036			
Construction Services	5,069	4,662		
Services for Industry	3,324			
Data Network Services	1,507	988		
YIT Installation		6,098		
Others	276	242		
Total	16,212	11,990		
Personnel at December 31, total	21,939	12,633		
<p>Pension commitments to members of the Board of Directors and Presidents It has been agreed that the President and CEO of the parent company and the deputy to the President and CEO will retire at the age of 62. One of the Presidents of the Group's business sectors will retire at the age of 60.</p>				
5. Depreciation and value adjustments				
Depreciation on intangible assets	9,146	2,572	30	11
Depreciation on buildings and structures	926	1,536	137	126
Depreciation on machinery and equipment	12,933	12,413	346	299
Depreciation on other tangible assets	404	373	35	18
Amortization of goodwill	14,370	12,787		
Total	37,779	29,681	548	454
6. Operating profit by business segment				
Building Systems	-19,707			
Construction Services	107,782	70,357		
Services for Industry	8,797			
Data Network Services	10,663	6,006		
YIT Installation		21,077		
Other items	-8,994	-7,630		
Total	98,541	89,810		

	Consolidated		Parent Company	
	2003	2002	2003	2002
7. Financial income and expenses				
Dividend income				
From Group companies			2,175	2,452
From other companies	59	124	54	98
Total	59	124	2,229	2,550
Interest income from investments held as non-current assets				
From Group companies			7,464	7,246
From other companies	208	90	55	77
Total	208	90	7,519	7,323
From Group companies				
From other companies			2,015	882
From other companies	1,447	1,236	1,142	278
Total	1,447	1,236	3,157	1,160
Value adjustments of investments				
Value adjustments of non-current assets	279	-395		
Total	279	-395		
Interest expenses and other financial expenses				
To Group companies			-4,051	-3,721
To other companies	-16,195	-13,249	-9,323	-7,712
Total	-16,195	-13,249	-13,374	-11,433
Total financial income and expenses	-14,202	-12,194	-469	-400
Exchange rate differences (net) included in financial income and expenses	-858	-353	26	-416
8. Extraordinary items				
Extraordinary income				
Group contribution			82,758	53,630
Merger profits			105	
Total			82,863	53,630
Total extraordinary items			82,863	53,630
9. Income taxes				
Income taxes on extraordinary items			-24,030	-15,553
Income taxes on operating activities	-35,020	-25,157	3,604	3,786
Income taxes from previous years	308	-10,827		-10,983
Change in deferred tax liability	-748	2,206		
Total	-35,460	-33,778	-20,426	-22,750

Notes to the balance sheet

(EUR thousands)

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	Consolidated		Parent Company	
	2003	2002	2003	2002
10. Changes in fixed assets				
Intangible assets				
Intangible rights				
Acquisition cost at January 1	1,246	341	113	113
Increases	2,115	896		
Assets transferred in merger			30	
Transfers from another balance sheet item	1	15	1	
Decreases	747	6		
Acquisition cost at December 31	2,615	1,246	144	113
Accumulated depreciation and value adjustments at January 1	301	123		
Accumulated depreciation on decreases and transfers	44			
Depreciation for the period	228	178		
Accumulated depreciation and value adjustments at December 31	485	301		
Book value at December 31	2,130	945	144	113
Goodwill				
Acquisition cost at January 1	3,828	3,801		
Increases	174,763	27		
Acquisition cost at December 31	178,591	3,828		
Accumulated depreciation and value adjustments at January 1	3,667	3,288		
Depreciation for the period	6,070	379		
Accumulated depreciation and value adjustments at December 31	9,737	3,667		
Book value at December 31	168,854	161		
Other capitalized expenditure				
Acquisition cost at January 1	19,470	15,824	5,473	5,349
Increases	4,794	2,687	19	124
Transfers from another balance sheet item		1,032		
Decreases	855	58		
Transfers to another balance sheet item		15		
Acquisition cost at December 31	23,409	19,470	5,492	5,473
Accumulated depreciation and value adjustments at January 1	10,915	8,900	5,346	5,335
Accumulated depreciation on decreases and transfers	40			
Depreciation for the period	2,848	2,015	30	11
Accumulated depreciation and value adjustments at December 31	13,723	10,915	5,376	5,346
Book value at December 31	9,686	8,555	116	127

	Consolidated		Parent Company	
	2003	2002	2003	2002
Advance payments				
Acquisition cost at January 1	22			
Increases	818	991		
Transfers from another balance sheet item		63		
Decreases	824			
Transfers to another balance sheet item		1,032		
Book value at December 31	16	22		
Total intangible assets	180,686	9,683	260	240
Goodwill on consolidation				
Acquisition cost at January 1	122,759	85,120		
Increases	20,626	38,021		
Decreases		382		
Acquisition cost at December 31	143,385	122,759		
Accumulated depreciation and value adjustments at January 1	50,991	38,204		
Depreciation for the period	14,370	12,787		
Accumulated depreciation and value adjustments at December 31	65,361	50,991		
Book value at December 31	78,024	71,768		
Tangible assets				
Land and water areas				
Acquisition cost at January 1	3,056	3,482	682	682
Increases	112	41		
Assets transferred in merger			357	
Decreases	220	467	15	
Acquisition cost at December 31	2,948	3,056	1,024	682
Book value at December 31	2,948	3,056	1,024	682
Buildings and structures				
Acquisition cost at January 1	29,357	28,169	3,861	3,552
Increases	1,559	1,318	399	309
Assets transferred in merger			787	
Transfers from another balance sheet item			1,383	
Decreases	4,616	1,513		
Acquisition cost at December 31	26,300	29,357	5,047	3,861
Accumulated depreciation and value adjustments at January 1	13,651	12,115	2,744	2,618
Accumulated depreciation on decreases and transfers	906			
Depreciation for the period	926	1,536	137	126
Accumulated depreciation and value adjustments at December 31	13,671	13,651	2,881	2,744
Book value at December 31	12,629	15,706	2,166	1,117

	Consolidated		Parent Company	
	2003	2002	2003	2002
Machinery and equipment				
Acquisition cost at January 1	73,229	59,927	4,820	4,573
Increases	23,228	15,648	469	247
Assets transferred in merger			2	
Transfers from another balance sheet item	43	403		
Decreases	7,359	2,749		
Acquisition cost at December 31	89,141	73,229	5,291	4,820
Accumulated depreciation and value adjustments at January 1	32,371	20,170	3,938	3,639
Accumulated depreciation on decreases and transfers	2,767	212		
Depreciation for the period	12,933	12,413	346	299
Accumulated depreciation and value adjustments at December 31	42,537	32,371	4,284	3,938
Book value at December 31	46,604	40,858	1,007	882
Deviating from past practice, construction equipment and other equipment have been combined.				
Other tangible assets				
Acquisition cost at January 1	3,105	2,996	747	613
Increases	920	535	53	134
Assets transferred in merger			40	
Decreases	476	23	1	
Transfers to another balance sheet item		403		
Acquisition cost at December 31	3,549	3,105	839	747
Accumulated depreciation and value adjustments at January 1	1,836	1,463	487	469
Accumulated depreciation on decreases and transfers	179			
Depreciation for the period	404	373	35	18
Accumulated depreciation and value adjustments at December 31	2,061	1,836	522	487
Book value at December 31	1,488	1,269	317	260
Advance payments				
Acquisition cost at January 1	1,058	8,884		
Increases	2,306	303		
Decreases	200	1,446		
Transfers to another balance sheet item	102	6 683		
Book value at December 31	3,062	1,058		
Total balance sheet value of construction machinery and equipment at December 31	28,532	26,413		
Total tangible assets	66,731	61,947	4,514	2,941
Revaluations				
Land areas				
Value at January 1		337		
Decreases		337		
Value at December 31				

	Consolidated		Parent Company	
	2003	2002	2003	2002
Buildings				
Value at January 1		336		
Decreases		336		
Value at December 31				
11. Investments held as non-current assets				
Shares in Group companies				
Acquisition cost at January 1			326,555	289,219
Increases			92,849	37,336
Decreases			1,811	
Acquisition cost at December 31			417,593	326,555
Shares in associated companies				
Acquisition cost at January 1	3,448	2,918		
Increases	76	830		
Decreases	300	300		
Acquisition cost at December 31	3,224	3,448		
Other shares and holdings				
Acquisition cost at January 1	3,533	3,413	1,057	1,057
Increases	454	562		1
Decreases	973	442	773	1
Acquisition cost at December 31	3,014	3,533	284	1,057
Own shares				
Acquisition cost at January 1	7,173	6,461	7,173	6,461
Increases		712		712
Decreases	7,173		7,173	
Acquisition cost at December 31		7,173		7,173
Other investments				
Acquisition cost at January 1	142			
Increases	1,583	142		
Decreases	37			
Acquisition cost at December 31	1,688	142		
Total investments	7,926	14,296	417,877	334,785
12. Inventories				
Other inventories				
Land areas and plot-owning companies	126,679	153,059		
Shares in housing and real estate corporations under construction	106,033	89,689		
Shares in completed housing corporations	9,849	8,453		
Shares in completed real estate corporations	10,005	13,085		
Others	4,289	1,762		
Total	256,855	266,048		

	Consolidated		Parent Company	
	2003	2002	2003	2002
13. Receivables				
Long-term receivables				
Trade receivables	634	441		
Receivables from Group companies				
Loan receivables			138,270	132,819
Total			138,270	132,819
Loan receivables	2,634	2,735	1,833	1,833
Other receivables	742	92		
Prepaid expenses and accrued income	1,501	12		
Total long-term receivables	5,511	3,280	140,103	134,652
Deferred tax assets				
From periodization differences	6,416	6,538		
From consolidation eliminations	606	998		
Total	7,022	7,536		
Short-term receivables				
Trade receivables	426,357	234,855	1	1
Receivables from Group companies				
Trade receivables			484	580
Loan receivables			145,335	26,202
Other receivables			84,358	56,450
Prepaid expenses and accrued income			2,020	1,517
Total			232,197	84,749
Receivables from associated companies				
Trade receivables	34	34		1
Loan receivables	130	186		
Total	164	220		1
Loan receivables	193,570	153,746	461	
Other receivables	30,692	15,479	3,688	2,211
Prepaid expenses and accrued income	117,624	88,367	1,104	164
Total short-term receivables	768,407	492,667	237,451	87,126
Total receivables	780,940	503,483	377,554	221,778
Loan receivables from limited companies held in other inventories, total	189,287	153,698		
Prepaid expenses and accrued income				
Periodization difference caused by partial recognition of income	80,196	72,136		
Other items	38,929	16,243	3,124	1,681
Total	119,125	88,379	3,124	1,681

In accordance with the principle of conservatism, deferred tax assets do not account for tax assets arising from the confirmed losses of foreign subsidiaries.

	Consolidated		Parent Company	
	2003	2002	2003	2002
14. Liquid assets				
Marketable securities				
Repurchase price	11,923	10,691	11,039	9,840
Book value	11,923	10,691	11,039	9,840
Difference				
15. Shareholders' equity				
Share capital at January 1	59,493	58,767	59,493	58,767
Subscriptions with share options	1,554	726	1,554	726
Share capital at December 31	61,047	59,493	61,047	59,493
Share premium reserve at January 1	58,478	54,920	58,478	54,920
Issue premium from share options	7,961	3,558	7,961	3,558
Capital gain from disposal of own shares		3,745		3,745
Share premium reserve at December 31	70,184	58,478	70,184	58,478
Reserve for own shares at January 1	7,173	6,461	7,173	6,461
Transfer to retained earnings	-7,173		-7,173	
Transfer from retained earnings		712		712
Reserve for own shares at December 31		7,173		7,173
Legal reserve at January 1	482	618		
Transfer from retained earnings	297			
Transfer to retained earnings		-137		
Change in Group structure	-90			
Translation differences		1		
Legal reserve at December 31	689	482		
Retained earnings at January 1	247,573	229,664	169,442	174,726
Dividends paid	-26,261	-24,494	-26,261	-24,494
Transfer to legal reserve	-297			
Transfer from legal reserve		137		
Change in translation differences	-172	-233		
Other changes	8	185		118
Transfer from reserve for own shares	7,173		7,173	
Transfer to reserve for own shares		-712		-712
Retained earnings at December 31	228,024	204,547	150,354	149,638
Profit for the financial year	48,384	43,026	49,973	19,804
	276,408	247,573	200,327	169,442
Total shareholders' equity	408,328	373,199	331,558	294,586

	Consolidated		Parent Company	
	2003	2002	2003	2002
Distributable funds at December 31				
Retained earnings	228,024	204,547	150,354	149,638
Profit for the financial year	48,384	43,026	49,973	19,804
Increase in share capital	-109	-109		
Transfer to legal reserve in Sweden	-1,735	-880		
Portion of accumulated depreciation difference and untaxed reserves transferred to shareholders' equity	-6,368	-5,667		
Distributable funds from shareholders' equity	268,196	240,917	200,327	169,442
16. Provisions				
Provisions for pensions	4,281	2,707		
Provisions for construction contracts				
Guarantee provisions	5,058	1,972		
Provisions for loss-making projects	702	4,700		
Other provisions				
Provision for rental guarantees	3,603	2,715		
Provision for bad debt	1,394	900		
Provision for restructuring expenses	12,121	1,184		
Other provisions	136			
Total	27,295	14,178		
Change in provisions				
Provisions for pensions	1,574	2,707		
Change in provisions for construction contracts	-912	888		
Provisions for rental guarantee	888	2 037		
Provision for bad debts	494	-100		
Provision for restructuring expenses	10,937	-444		
Change in other provisions	136	-1,007		
Total	13,117	4,081		
17. Non-current liabilities				
Deferred tax liability				
From appropriations	7,110	6,915		
Total	7,110	6,915		
Liabilities falling due after five years				
Bonds	50,000		50,000	
Loans from credit institutions	7,012	10,860	7,000	10,841
Pension loans	445		420	
Other loans	1,472	2,280		1,467
Total	58,929	13,140	57,420	12,308



	Consolidated		Parent Company	
	2003	2002	2003	2002
Bonds				
Fixed-rate bond 2/1998 1998-2004, interest 4,75%		33,637		33,637
Fixed-rate bond 1/2001 2001-2006, interest 5,75%	40,000	40,000	40,000	40,000
Fixed-rate bond 1/2003 2003-2005, interest 3,75%	15,000		15,000	
Variable-rate bond 2/2003 22003-2007, interest three-month Euribor + 0,65%	50,000		50,000	
Fixed-rate bond 3/2003 2003-2009, interest 4,75%	50,000		50,000	
Total	155,000	73,637	155,000	73,637
18. Current liabilities				
Liabilities to Group companies				
Trade payables			433	374
Other liabilities			213,548	134,378
Accrued expenses and deferred income			231	245
Total			214,212	134,997
Accrued expenses and deferred income				
Periodization differences caused by partial recognition of income	80,131	52,888		
Periodization differences in recognition of personnel expenses	130,458	69,432	822	895
Other items	69,901	14,643	8,131	3,756
Total	280,490	136,963	8,953	4,651
19. Effect of partial recognition of projects on balance sheet items				
Inventories/Work in progress	780,514	479,778		
./. Partial recognition of income	685,543	429,654		
Work in progress entered in the balance sheet	94,971	50,124		
Liabilities/Advances received	908,961	492,806		
./. Partial recognition of income	808,330	421,049		
Advances received entered in the balance sheet	100,631	71,757		
20. Contingent liabilities				
Mortgages given as security for loans, total	29,812	32,806	29,265	29,265

Mortgages given for own commitments are mainly given as security of pension loans.

	Consolidated		Parent Company	
	2003	2002	2003	2002
Other collateral given for own commitments				
Others	192	1,004		
<p>Pension liabilities are entered in the balance sheet under long-term pension loans.</p>				
Leasing commitments				
Payable during the current financial year	22,423	8,314	196	237
Payable in subsequent years	28,312	10,030	263	335
Total	50,735	18,344	459	572
Other commitments				
Purchase commitments	7,327			
Repurchase commitments for contract receivables sold to credit institutions		91,288		
The Group's share of external debts of companies held in inventories	44,512			
Mortgages given by companies held in inventories	2,120		1,850	
Liquid assets include the collateral given to the homebuyers	654	369		
Other contingent liabilities	566	604	214	399
Total	55,179	92,261	2,064	399
<p>The method of presenting commitments has been changed. In the comparison year, the external liabilities of companies in inventories were included in repurchase commitments. The receivables sold to financing companies no longer include a repurchase commitment.</p>				
Guarantees				
On behalf of Group companies			377,213	325,695
On behalf of associated companies	729	564	729	468
On behalf of other companies	8,971	7,215	8,971	961
Total	9,700	7,779	386,913	327,124
Derivative contracts				
Foreign currency forward contracts				
Market value	72,075	17,192	72,075	17,192
Value of underlying instruments	70,826	16,635	70,826	16,635
Interest rate swaps				
Market value	19,716		19,716	
Value of underlying instruments	20,000		20,000	

21. Shares and holdings

Name	Holding %	Number of shares	Nominal value	Book value 1 000 EUR
Shares in subsidiaries, owned by the parent company				
YIT Construction Ltd, Helsinki	100.00	5,000,000	EUR 50,000	193,140
YIT Installation Ltd, Vantaa	100.00	8,000,000	EUR 80,000	96,259
YIT Primatel Ltd, Helsinki	100.00	50,000	EUR 5,000	37,336
YIT Kalusto Oy, Urjala	100.00	25,000	EUR 5,000	5,170
YIT Information Technology Ltd, Helsinki	100.00	2,500,000	EUR 5,000	5,018
YIT Building Systems AB, Västerås	100.00	2,050,000	SEK 205,000	22,849
YIT Calor AB, Solna (Group)	100.00	30,000	SEK 3,000	57,821
E. Berglunds Värme AB, Solna	100.00	1,000	SEK 100	222 *)
H.Bergström Rör & Svets i Falmark AB, Solna	100.00	1,000	SEK 100	14 *)
Calor Göteborg AB, Solna	100.00	1,000	SEK 100	10 *)
Calor Ingenjörer AB, Solna	100.00	2,000	SEK 100	22 *)
Calor Fastigheter AB, Solna	100.00	1,000	SEK 200	12 *)
Calor Lidköping AB, Solna	100.00	3,500	SEK 350	58 *)
Calor Sölvesborg AB, Solna	100.00	1,000	SEK 100	14 *)
Calor Mora AB, Solna	100.00	1,100	SEK 110	15 *)
Calor Tank AB, Solna	100.00	10,000	SEK 1,000	110 *)
Carlsson & Myrberg AB, Solna	100.00	1,500	SEK 150	58 *)
Ing. Morten Juel AS, Baerum	100.00	150	NOK 150	72 *)
Calor Stockholm AB, Solna	100.00	20,000	SEK 2,000	216 *)
Calor Västra Förlunda AB, Solna	100.00	1,000	SEK 100	14 *)
Nässjö Värmebolag AB, Solna	100.00	1,000	SEK 100	14 *)
Rörlednings AB Montör, Solna	100.00	5,000	SEK 100	55 *)
Calor Leksand AB, Solna	100.00	1,000	SEK 100	1 *)
Calor Umeå AB, Solna	100.00	1,600	SEK 160	21 *)
Nynes Rör AB, Solna	100.00	6,000	SEK 600	379 *)
Calor Kristinehamn AB, Solna	100.00	1,000	SEK 100	14 *)
Calor Rättvik AB, Solna	100.00	1,000	SEK 100	7 *)
Rörgillet i Göteborg AB, Solna	100.00	1,000	SEK 100	14 *)
Calor Sandviken AB, Solna	100.00	3,000	SEK 300	40 *)
AB Joh. Sjöström, Solna	100.00	1,000	SEK 100	11 *)
Strömbergs Rostfria & Industrimontage AB, Solna	100.00	1,000	SEK 100	14 *)
Calor Kiruna AB, Solna	100.00	1,000	SEK 100	14 *)
Sören Nilssons Industrirör AB, Solna	100.00	1,000	SEK 100	14 *)
Ulf Martinsson Rör & Svets AB, Solna	100.00	1,000	SEK 100	14 *)
Värmebolaget i Västerås AB, Solna	100.00	1,000	SEK 100	2,935 *)
Västsprinkler AB, Solna	100.00	1,000	SEK 100	13 *)
Calor Projektrör AB, Solna	100.00	1,000	SEK 100	13 *)
AC Luft AB, Solna	100.00	5,100	SEK 510	504 *)
Calor Lycksele AB, Solna	100.00	1,500	SEK 150	501 *)
Calor Vännäs AB, Solna	100.00	1,000	SEK 100	185 *)
Umeå Rör & Fastighetsservice, Uumaja	100.00	1,000	SEK 100	22 *)
Total				5,622
				417,593

*) The figures of the subgroup are not included in the sum total.

Name	Holding %	Number of shares	Nominal value	Book value 1 000 EUR
Shares in subsidiaries, owned by YIT Construction Ltd				
YIT Tolonen Oy, Hämeenlinna	100.00	800	EUR 720	6 365
YIT Rapido Property Management Services Ltd, Helsinki	100.00	14,000	EUR 140	4,582
YIT Concept Project Management Services Ltd, Helsinki	100.00	40	EUR 8	8
AS FKSM, Tallinn (Group)	92.92	3,179,645	EEK 31,796	12,390
AS Keskkonnaehitus, Tallinn	100.00	80	EEK 800	148 *)
AS Pihlammaa, Tallinn	100.00	10,000	EEK 10,000	639 *)
AS Koidu Kinnisvara, Tallinn	100.00	265	EEK 2,650	169 *)
OÜ FKSM Haldus, Tallinn	100.00	1	EEK 40	3 *)
OÜ Plasma Project, Tallinn	100.00	1	EEK 40	3 *)
OÜ Mustikaniidu, Tallinn	100.00	1	EEK 100	6 *)
OÜ Raudalu Väikemaja, Tallinn	100.00	1	EEK 100	6 *)
SIA FKSM, Riga	100.00	4,335	LVL 434	710 *)
SIA YIT Latvija, Riga	100.00	259	LVL 26	44 *)
SIA TOP Maja, Riga	100.00	10	LVL 2	0 *)
YIT Vatten & Miljöteknik AB, Landskrona	100.00	5,000	SEK 500	68
ZAO YIT-Genstroj, Moscow	100.00	2,500	RUB 887	127
YIT Invest Export Oy, Helsinki	100.00	2,000	EUR 51	52
YIT Environment Oy, Helsinki	100.00	500,000	EUR 1,000	1,001
YIT Project Invest Oy, Helsinki	100.00	60,000	EUR 1,050	1,050
ZAO YIT Lentek, St. Petersburg	92.00	920	RUB 9,200	1,298 *)
ZAO Makroflex, Moscow	100.00	1,000	RUB 100	0
Urepol Oy, Helsinki	100.00	3,000	EUR 51	51
YIT Polska Sp zo.o, Crcow	100.00	100	PLN 100	27
AB YIT Kausta, Kaunas	75.03	7,503,020	LTL 7,503	1,970
UAB Kausta Guder, Kaunas	51.00	16,830	LTL 168	49 *)
UAB YIT Bustas, Kaunas	100.00	380	LTL 38	29 *)
UAB Kausta Guder, Kaunas	20.00	6,600	LTL 66	72
YIT Salym Development Oy, Helsinki	100.00	500	EUR 8	8
Oy Tortum Ab, Helsinki	100.00	150	EUR 3	3
SWTP Construction Oy, Helsinki	33.33	30	EUR 3	3
Total				27,777

*) The figures of the subgroup are not included in the sum total.

Name	Holding %	Number of shares	Nominal value	Book value 1 000 EUR
Shares in subsidiaries, owned by YIT Installation Ltd				
YIT Safetytec Oy, Helsinki	100.00	700	EUR 119	1,273
YIT Kiinteistötekniikka Oy, Helsinki	100.00	3,000	EUR 30,000	34,486
YIT Shipins Oy, Turku	60.00	18	EUR 303	994 *)
YIT Service Oy, Helsinki	100.00	10,000	EUR 850	1,357
ETT-Teollisuusautomaatio Oy, Varkaus	100.00	25	EUR 1	0 *)
YIT-Huber East Oy, Helsinki	100.00	500	EUR 8	8
YIT-Huber Invest Oy, Helsinki	100.00	2,000	EUR 34	34
ZAO YIT-Peter, St. Petersburg	100.00	1,000	RUB 1,000	0 *)
YIT Elmek Ltd, Moscow	100.00	1	RUB 3 232	0 *)
YIT Building Systems AS, Austrheim	100.00	2,601	NOK 245,000	30,098
YIT Industria Oy, Helsinki	100.00	145,000	EUR 2,565	11,878
YIT BS Estonia AS, Tallinn	100.00	700	EEK 700	650
YIT BS Latvia SIA, Riika	100.00	10	LVL 7	10
YIT A/S, Fredericia	100.00	37,000	DKK 37,000	4,983
YIT Technika UAB, Vilnius	100.00	120	LTL 600	2,574
Total				87,351

*) The figures of the subgroup are not included in the sum total.

Name	Holding %	Number of shares	Nominal value	Book value 1 000 EUR
Shares in associated companies, owned by the parent company				
Finn-Stroi Oy, Helsinki	31.56	1,010	EUR 3	0
Shares in associated companies, owned by subsidiaries				
Kiinteistö Oy Juronaki, Rovaniemi	27.76	349	EUR	146
Arabian Finnish Contracting and Maintenance Co Ltd, Saudi Arabia	49.00	2,450	SAR 2,450	571
Haapaveden Puhdistamo Oy, Haapavesi	40.50	405	EUR 10	4
Kiinteistö Oy Leppävirran Teollisuustie 1, Leppävirta	40.00	20	EUR	336
Oy Botnia Mill Service Ab, Kemi	49.83	6,000	EUR 1,020	553
Arandur Oy, Vantaa	33.30	210	EUR 7	21
AS Normanni Linnagrupp, Tallinn	50.00	1,000	EEK 500	32
AS Tartu Maja Betoontooted, Dorpat	25.00	400	EEK 100	6
OÜ Voorepuu, Tallinn	50.00	1	EEK 20	2
OÜ Hermastu Kinnisvara, Tallinn	50.00	1	EEK 20	1
OOO Euroeni, St. Petersburg	25.00		RUB 2,500	1
OOO Eurostroi, St. Petersburg	25.00		RUB 2,500	1
Total				1,673
Shares and holdings in other companies, owned by the parent company				
Helsinki Exchanges Group Ltd, Helsinki		6	EUR 20	20
PPTH Steelmanagement Oy, Peräseinäjoki	19.00	10,070	EUR 10	8
Shares in housing and real estate corporations				20
Shares and holdings in telephone companies				145
Other shares and holdings, total				91
Total				284
Shares and holdings in other companies, owned by subsidiaries				
LLC Nordvod, St. Petersburg	13.67		RUB 4,903	157
Shares in housing and real estate corporations				1,747
Shares and holdings in telephone companies				80
Other shares and holdings, total				384
Total				2,368



In November, YIT participated in the Invest 2003 Fair in Helsinki.

YIT's share

YIT Corporation's share is quoted on the Main List of Helsinki Exchanges under the Other Services business sector. 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 50 shares and the trading code is YTY1V. At the end of 2003, the total number of shares issued by the company amounted to 30,523,375. The Finnish taxation value of YIT's share confirmed for 2003 is EUR 18.83 per share.

Share capital

At the beginning of 2003, YIT Corporation's share capital amounted to EUR 59,492,670 and at the end of the year to EUR 61,046,750. According to the Articles of Association, the company'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, 1999-2003

Registration date	New shares, no.	New no. of shares	New share capital, EUR
Mar. 12, 1999	-	29,337,662	58,675,324
May 11, 1999	12,500	29,350,162	58,700,324
1 Nov. 12, 1999	33,523	29,383,685	58,767,370
May 6, 2002	125,100	29,508,785	59,017,570
June 27, 2002	124,900	29,633,685	59,267,370
Aug. 26, 2002	1,400	29,635,085	59,270,170
Dec. 5, 2002	111,250	29,746,335	59,492,670
May 8, 2003	2,600	29,748,935	59,497,870
June 26, 2003	57,751	29,806,686	59,613,372
Aug. 21, 2003	311,160	30,117,846	60,235,692
Oct. 31, 2003	285,350	30,403,196	60,806,392
Dec. 4, 2003	120,179	30,523,375	61,046,750

In March 1999, the share capital was increased to EUR 58,675,324 by a decision taken by the Annual General Meeting such that the nominal value of the share was increased from EUR 1.68 to EUR 2.00 by means of a bonus issue. Other share capital increases in 1999 were related to the 1994 bonds with warrants that matured on November 1, 1999.

The increases in the share capital in 2002 and 2003 resulted from share subscriptions carried out on the basis of the 1998 share options. The last subscription day on the basis of the share options was November 28, 2003.

Authorizations to increase the share capital

No share issues were organized in 2003 and the company did not float convertible bonds or bonds with warrants. At the end of the year, the Board of Directors did not have valid share issue authorizations or authorizations to issue convertible bonds or bonds with warrants.

Significant increase in share price and turnover

On the last day of trading in 2003, YIT's closing rate was EUR 26.90 (2002: EUR 16.79), up 60.2 per cent during the year. The share price trend was significantly better than the general share price trends on Helsinki Exchanges, because, as measured by the HEX All-share Index, share prices were 4.4 per cent higher at the end of 2003 than at the turn of the previous year. The increase in share prices, as measured by the balanced HEX Portfolio Index, was 16.2 per cent during the report year.

The highest price of YIT's share during 2003 was EUR 27.70 (EUR 19.65) and the lowest was EUR 14.01 (EUR 13.20). The average price was EUR 20.70 (EUR 16.40). YIT Corporation's market capitalization at the end of the year was EUR 821.1 million (EUR 489.9 million), representing an increase of 67.6 per cent on the previous year.

Share turnover also grew significantly compared with the previous year. A total of 14,639,669 (9,911,550) shares were traded on Helsinki Exchanges in 2003. The value of share turnover was EUR 303.0 million (EUR 162.5 million). YIT rose into the HEX25 index for the half-year period beginning on February 2, 2004. The index features the 25 most traded share series on the Main List of Helsinki Exchanges during the preceding six-month period of the calendar year.

Own shares sold as part of the financial arrangements of the Building Systems acquisition

At the beginning of 2003, YIT held a total of 567,500 of its own shares, representing 1.9 per cent of the company's shares outstanding and the votes conferred by them. The shares had been acquired on Helsinki Exchanges on the basis of decisions taken by Annual General Meetings in previous years at an average price of EUR 12.64/share. The total nominal value of the shares was EUR 1,135,000.

The Annual General Meeting held on March 13, 2003, authorized the Board of Directors to decide on the transfer of 567,500 YIT shares in its possession for use as consideration when purchasing business assets and/or for use as consideration in acquisitions. The shares can also be disposed of by selling them on Helsinki Exchanges. On August 29, 2003, YIT Corporation's Board of Directors decided, under the authorization, to sell a maximum of 567,500 YIT shares as part of the financial arrangements of the Building Systems acquisition. All 567,500 shares were sold through Helsinki Exchanges on September 5, 2003, at a per-share price of EUR 22.00. The total sales price was EUR 12,485,000.

At the end of 2003, the company did not have a valid authorization to acquire its own shares. Subsidiaries did not own shares in the parent company during the report year.

Purchase obligation clause

The Articles of Association include a purchase obligation clause. According to this clause, a shareholder whose stake in the company's shares outstanding or the votes conferred by them either reaches or exceeds one third and/or half must offer to purchase the remainder of the shares issued by the company and the securities entitling to these shares as defined in the Companies Act.

1998 share option programme ends

On the basis of the share options granted by the 1998 Annual General Meeting, about 140 members of the Group's management and key employees had the right to subscribe for a maximum of 1,200,000 YIT shares. On the basis of the subscriptions, the share capital could be increased by a maximum of EUR 2,400,000. The subscription periods and prices were shown below:

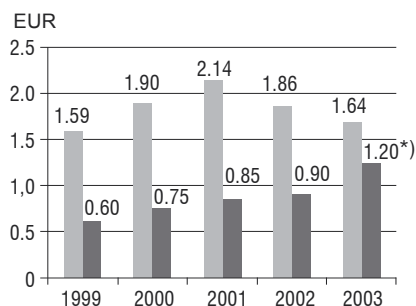
Option type	No. Shares/option	Share subscription price, EUR	Share capital, EUR million	Subscription periods	Last subscription date
A	600 000	1/1	11.77	1,2 Mar. 20-Nov. 30, 01 20-Nov. 30, 02 Mar. 20-Nov. 28, 03	Nov. 28, 03
B	600 000	1/1	12.45	1,2 Oct. 15-Nov. 30, 02 Mar. 20-Nov. 28, 03	Nov. 28, 03



Group CEO (YIT) Reino Hanhinen, Head of Mergers and Aquisitions (ABB) Ulf Hoof and Group Vice President (ABB) Francois-Philippe Champagne have signed the Building Systems acquisition on July 4, 2003.



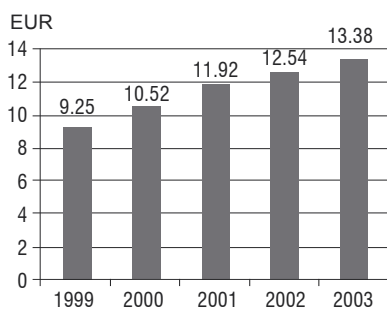
Earnings/share and dividends/share



*) Proposal of the Board of Directors

■ Earnings/share (EPS), EUR
■ Dividend/share, EUR

Equity per share



The Series A share options were traded on Helsinki Exchanges since March 21, 2001. During 2003, 320,280 share options were traded at an average price of EUR 7.91. A total of 233,630 shares were subscribed for with the options during the report year, raising the share capital by EUR 467,260. During the subscription period of the share option programme, a total of 574,880 shares were subscribed for with the Series A share options and the share capital was increased by EUR 1,149,760 on the basis of the subscriptions. The unused 25,120 Series A share options are worthless.

The Series B share options could be traded starting on October 15, 2002. During 2003, 706,600 of the share options were traded at an average price of EUR 7.75. A total of 543,410 shares were subscribed for with the options during the report year, raising the share capital by EUR 1,086,820. During the subscription period of the share option programme, a total of 564,810 shares were subscribed for with the Series B share options and the share capital was increased by EUR 1,129,620 on the basis of the subscriptions. The unused 35,190 Series B share options are worthless.

The Annual General Meeting held in spring 2002 granted a maximum total of 450,000 Series C share options and a maximum total of 950,000 Series D share options for subscription without consideration to the Group's management and key employees in the period from 2002 to 2005. The share option programme is presented in greater detail on page 104 of the Annual Report under Bonus and Incentive Schemes.

Management's share and option ownership

On December 31, 2003, the members of YIT Corporation's Board of Directors as well as the president and the deputy to the president owned a total of 436,942 YIT shares, corresponding to 1.4 per cent of the company's shares and the votes conferred by them. These figures included their own holdings and those of their underage children and corporations in which they have a controlling interest.

On December 31, 2003, the president and the deputy to the president had a total of 30,546 Series C and D share options from 2002. They represented 5.7 per cent of the total number of options that had been distributed by the end of 2003. If these options are used in full, the number of YIT Corporation shares will increase by 30,546 on the basis of the subscriptions and the share capital by EUR 61,092, which on December 31, 2003, would have represented 0.1 per cent of the company's voting rights and share capital. Members of the Board of Directors who are not employed by the company are not covered by the share option programme.

Management's share ownership is presented in detail on pages 106–108.

Dividend payout

YIT's goal is to achieve a steadily developing flow of dividends for shareholders. The company has set itself the strategic goal of paying out as dividends 30-50 per cent of annual earnings after taxes and minority interest.

The Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.20 per share be paid for the 2003 financial year, representing 73.2 per cent of earnings per share.

	1999	2000	2001	2002	2003
Dividend/share, EUR	0.60	0.75	0.85	0.90	1.20*)
Dividend/per-share earnings, %	37.7	39.5	39.7	48.4**)	73.2*)
Dividends paid, EUR millions	17.3	22.0	24.5	26.3	36.6*)

*) Proposal of the Board of Directors to the Annual General Meeting

***) Calculated from earnings per share, in which the residual taxes of EUR 10.9 million have not been taken into account.

Ten-year per-share key figures are presented on page 79.



Significant increase in the number of shareholders

In 2003, the number of registered shareholders rose from 3,271 to 4,928, that is, by 50.7 per cent. The number of private investors increased by almost 1,300.

At the beginning of the year, a total of 24.8 per cent of the shares were owned by international investors, while this figure was 22.1 per cent at year's end.

Flagging announcements in 2003

On August 21, 2003, the Pohjola Group announced that its group's holding in YIT had declined to 4.98 per cent on August 20. The Tapiola Group announced on October 8 that the Tapiola General Mutual Insurance Company's stake in YIT had fallen to 4.98 per cent on October 7. The entire Tapiola Group's holding amounted to 7.10 per cent.

Largest shareholders at December 31, 2003

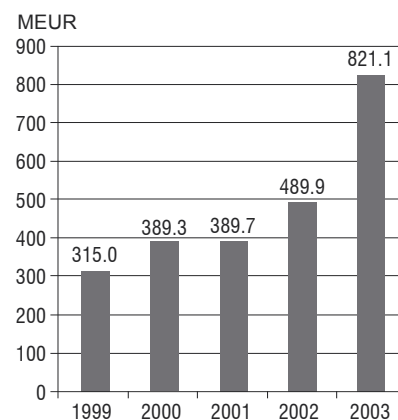
	Shares, no.	% of shares and votes
Suomi Group		
Suomi Mutual Life Assurance Company	2,207,370	
Suomi Insurance Company Ltd	730,000	2,937,370 9.6
Sampo Life Insurance Company Ltd		
		2,667,780 8.7
Varma Mutual Pension Insurance Company		
		2,077,352 6.8
Tapiola Group		
Tapiola General Mutual Insurance Company	1,447,030	
Tapiola Mutual Life Assurance Company	484,800	
Tapiola Corporate Life Insurance Company Ltd	128,565	2,060,395 6.8
Pohjola Group		
Pohjola Non-Life Insurance Company Ltd	720,767	
Pohjola Group plc	530,433	
A-Insurance Ltd	20,000	1,271,200 4.2
Ilmarinen Mutual Pension Insurance Company		
		983,300 3.2
Kaleva Mutual Insurance Company		
		723,700 2.4
The Local Government Pensions Institution		
		600,000 2.0
Security Trading Oy		
		600,000 2.0
Etera Mutual Pension Insurance Company		
		409,400 1.3
Nominee-registered		
		6,087,134 19.9
Other shareholders, total		
		10,105,744 33.1
Total	30,523,375	100.0

This information is based on the shareholder list maintained by the Finnish Central Securities Depository Ltd. A list of the 30 largest shareholders is posted and updated monthly on YIT's Internet site.

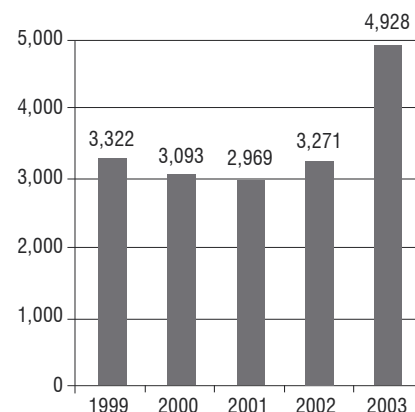
Distribution by groups of shareholders, Dec. 31, 2003

	No. of shareholders	Proportion of shareholders	Shares, no.	Proportion of shares
Companies	511	10.4	2,216,984	7.3
Financial and insurance institutions	82	1.6	12,306,945	40.3
Public sector entities	64	1.3	5,162,735	16.9
Non-profit institutions	191	3.9	1,328,288	4.4
Households	4,039	82.0	2,760,390	9.0
Foreign owners	41	0.8	6,748,033	22.1
(of which nominee-registered)	(9)	(0.2)	(6,087,134)	(19.9)
Total	4,928	100.0	30,523,375	100.0

Market capitalization



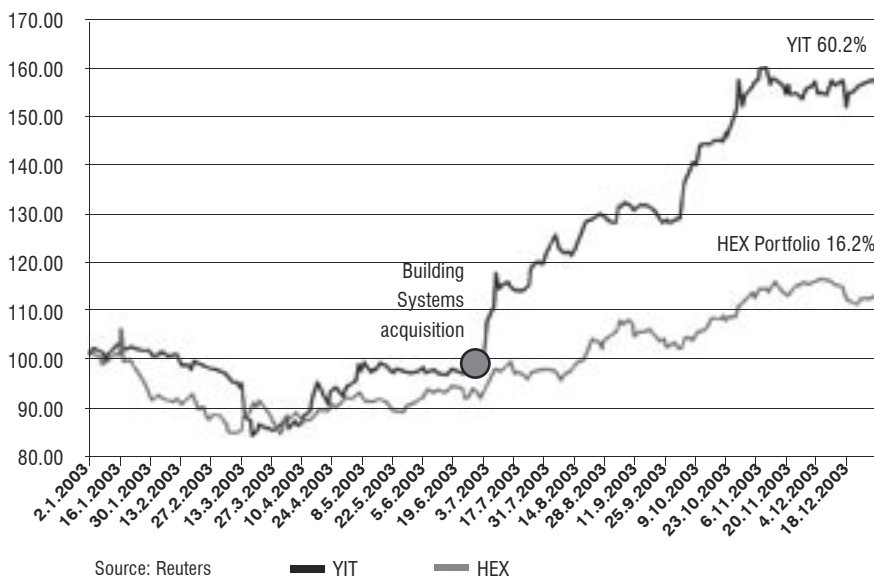
Number of shareholders



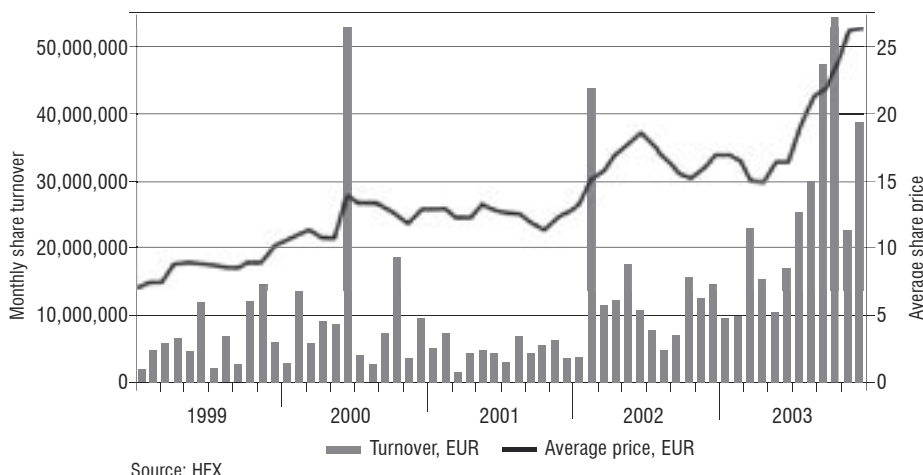
Distribution of shareholdings by size class, Dec. 31, 2003

Shares, no.	No. of shareholders	Proportion of shareholders	Shares, no.	Proportion of shares
1 - 100	1,184	24.0	76,208	0.2
101 - 1,000	2,919	59.2	1,188,016	3.9
1,001 - 10,000	663	13.5	1,953,706	6.4
10,001 - 100,000	130	2.6	4,277,227	14.0
100,001 - 1,000,000	27	0.6	9,515,975	31.2
1,000,001 - 10,000,000	5	0.1	1,512,243	44.3
Total	4,928	100.0	30,523,375	100.0

Development of YIT share price and HEX Portfolio index



Monthly share turnover and average price of YIT share, 1999 – 2003



Board of Directors' proposal for the distribution of profit

According to the Consolidated Balance Sheet at 31 December 2003, the Group's distributable equity is EUR 268,196,000. The distributable equity of the parent company, YIT Corporation, shown in the balance sheet at 31 December 2003, is EUR 200,326,911.34, which is made up as follows:

- retained earnings	150,353,840.22
- profit for the financial period	<u>49,973,071.12</u>
	<u>200,326,911.34</u>

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

- Payment of a dividend of 60% of the nominal value or EUR 1.20 per share	36,628,050.00
- Transfer to retained earnings	<u>163,698,861.34</u>
	<u>200,326,911.34</u>

Helsinki, February 19, 2004

Ilkka Brotherus
Chairman

Eino Halonen
Vice Chairman

Asmo Kalpala
Mikko Kivimäki

Teuvo Salminen
Reino Hanhinen
President and CEO

Auditor's 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 period from 1 January to 31 December 2003. 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 and CEO. Based on our 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 about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President and CEO have legally complied with the rules of the Finnish 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 Board of Directors and the President and CEO of the parent company can be discharged from liability for the financial year audited by us. The proposal by the Board of Directors regarding the distributable assets is in compliance with the Finnish Companies Act.

Helsinki, February 23, 2004

PricewaterhouseCoopers Oy
Authorized Public Accountants
Pekka Nikula
Authorized Public Accountant



The administration of the YIT Group complies with the Finnish Companies Act, accounting and securities market legislation and the rules of Helsinki Exchanges. The main principles are defined in the Articles of Association of the Group's parent company, YIT Corporation. In addition, YIT complies with the recommendations on the Corporate Governance of listed companies that were released by HEX Ltd, the Central Chamber of Commerce and the Finnish Confederation of Industry and Employers TT in December 2003.

Annual General Meeting

YIT Corporation's Annual General Meeting is the Group's highest decision-making body. The Annual General Meeting is held annually by the end of March. Extraordinary general meetings are held when the Board of Directors considers it necessary to do so or when required by legislation. The Annual General Meeting takes decisions on matters such as:

- *approving the financial statements*
- *the payment of dividends*
- *discharging the members of the Board of Directors and the president from liability*
- *the election of Board members and the remuneration to be paid to them*
- *the election of the auditor and the remuneration to be paid for the audit*
- *amendments to the Articles of Association*
- *decisions leading to changes in the share capital*
- *share buyback and transferring the company's own shares*
- *the granting of share options.*

The notice of meeting is published in the Helsingin Sanomat and Kauppalehti newspapers and on the company's Internet site. The notice also announces the names of the persons who have been nominated to seats on the Board of Directors. The condition is that these persons have the support of shareholders who hold at least a total of 10 per cent of the voting rights conferred by the company's shares and that the nominees have given their consent to being elected. The name of the nominated auditor is also announced.

The Annual General Meeting is, as a rule, opened by the chairman of the Board. The other members of the Board shall attend insofar as they can. The president presents the result of the financial year to the Annual General Meeting.

Board of Directors

The parent company's Board of Directors is responsible for the company's administration and the proper organization of operations. It guides and oversees the company's operational management. The key tasks and working principles of the Board of Directors are defined in the standing orders that were reviewed in February 2004. The Board of Directors takes decisions on matters that are of far-reaching significance to the Group and which are significant in principle, such as:

- *the election of the president and deciding on his salary and other terms of employment*
- *the Group's strategy and objectives*
- *budgets and operating plans and over-*

seeing their realization

- *processing and approving the financial statement, report of the Board of Directors and Interim Reports*
- *specifying the dividends policy and making a proposal to the Annual General Meeting on the dividends to be paid for the year*
- *significant acquisitions and other investments*
- *the Group's operational structure*
- *ensuring the functionality of management systems*
- *principles of risk management*
- *ratifying the Group's values*

Members of the Board of Directors

According to the Articles of Association, the Board of Directors shall include a minimum of five and a maximum of seven members who are elected by the Annual General Meeting for a term of one year. The Annual General Meeting in spring 2003 elected six members:

- *Ilkka Brotherus, Managing Director of Sinituote Oy*
- *Eino Halonen, Managing Director of Suomi Mutual Life Assurance Company*
- *Reino Hanhinen, Group CEO of YIT Corporation*
- *Asmo Kalpala, President of the Tapiola Insurance Group*
- *Mikko Kivimäki, President and CEO of Rautaruukki Corporation, and*
- *Teuvo Salminen, Deputy CEO of Jaakko Pöyry Group Oyj.*

The Board members are presented on page 106 of the Annual Report. Information

on the shareholdings of Board members and other management can be read on the company's Internet site (www.yit.fi > English > Investor information > Corporate Governance > Insiders > Permanent insiders and their ownerships in YIT). The members' term of office begins at the Annual General Meeting which elected them and ends at the next Annual General Meeting. Decisions at the Board of Directors are taken by majority vote. If voting is split, then the chairman has the decisive vote. A person who is 67 years old or over cannot be elected as a member.

The Board of Directors elects a chairman and vice chairman from amongst its members. In March 2003, Ilkka Brotherus was elected as chairman and Eino Halonen as vice chairman. The Board of Directors convened 13 times in 2003. Four of these meetings were held over the telephone. The attendance rate at meetings was 92 per cent.

With the exception of Reino Hanhinen, none of the Board members are dependent on YIT. All members can be considered to not be dependent on the company's major shareholders because none of YIT's shareholders had a more than 10 per cent holding in the company's shares outstanding or total voting rights at the end of 2003. The Board members represent a wide range of expertise and experience in different fields that complement each other. The Board of Directors assesses its activities and working methods annually by means of internal self-assessment.

Board committees

As the number of Board members is relatively small, it did not consider it necessary to form separate committees within itself in 2003. However, in February 2004 the Board of Directors decided to establish an Audit Committee. The members of the Audit Committee will be appointed by the Board of Directors elected at the Annual General Meeting on March 18, 2004.

Remuneration of Board members

The Annual General Meeting held in the spring of 2003 confirmed that the monthly remuneration to be paid to the chairman

of the Board of Directors is EUR 1,700, the monthly remuneration of the vice chairman is EUR 1,500 and the monthly remuneration of the members is EUR 1,350. In addition, the members of the Board receive an attendance fee of EUR 170 per meeting. Per diems for their trips are paid in accordance with the state's travel regulations.

In 2003, the members of the parent company's Board of Directors were paid a total of EUR 93 thousand in remuneration, as follows:

	EUR thousands
Ilkka Brotherus	22
Eino Halonen	19
Asmo Kalpala	18
Mikko Kivimäki	17
Teuvo Salminen	17

Remuneration was not paid in the form of YIT shares and the members of the Board who do not work for YIT are not covered by the company's share option programme. No separate remuneration for participation in the corporate governance of Group companies is paid to those who are on the Group's payroll.

President and CEO

The president and CEO attends to the day-to-day administration of the company in accordance with the instructions and regulations laid down by the Board of Directors. He also ensures that the company's accounting is lawful and asset management is organized reliably. The president and CEO of the parent company serves as the chairman of the Group's Management Board and as the chairman of the Boards of the parent companies of the Group's four business segments.

Since 1987, YIT Corporation's president and CEO has been Reino Hanhinen (born 1943), M.Sc. (Eng.), who was also appointed as Group CEO on June 1, 2000. The deputy to the president and CEO is Executive Vice President Esko Mäkelä (born 1943), M.Sc. (Eng.). More detailed information on them and their holdings is presented on page 107 of the Annual Report.

Remuneration paid to the president and CEO and the terms of his employment

The Board of Directors decides on the president's salary, remuneration and other terms of employment. In 2003, the salary and remuneration paid to the parent company's president and CEO totalled EUR 528 thousand, of which EUR 99 thousand was bonuses. EUR 465 thousand was income from share options. YIT shares were not given as bonuses during the report year. In 2003, 4,284 Series D share options from the 2002 share option programme were granted to the president and CEO

The retirement age of President and CEO Hanhinen has been set at 62. His pension will amount to 60 per cent of the pension income calculated in accordance with employment pension legislation. In the employment contract made in November 2001, it was agreed that his period of notice is 12 months, with the provision that if the company dismisses the president and CEO after he reaches his originally agreed retirement age of 60, the company remains obligated to pay his salary until his agreed date of retirement, that is, until December 31, 2005.

Group's Management Board

The Group's Management Board, which meets once a month as a rule, assists the president and CEO with operational planning and management and prepares matters that are to be dealt with by the parent company's Board of Directors. Among other duties, the Management Board formulates and coordinates the Group's strategic and annual planning, supervises the realization of plans and reporting, and prepares major investments and acquisitions. Its central tasks include the development of intra-Group activities, the corporate culture and the corporate image.

The YIT Group's Management Board comprises:

- *Group CEO (chairman)*
- *Executive Vice President of the parent company (vice chairman)*
- *President and Executive Vice President of YIT Building Systems Ltd*
- *President of YIT Construction Ltd*
- *President of YIT Industry Ltd*
- *President of YIT Primatel Ltd*
- *Vice President, Corporate Communications*
- *Vice President, Corporate Planning*

Information on the members of the Management Board and their holdings is presented on pages 107–108 of the Annual Report.

Bonus and incentive schemes

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

The Annual General Meeting held in the spring of 2002 granted a maximum total of 450,000 Series C share options and a maximum total of 950,000 Series D shares for subscription without consideration. About 210 members of the Group's management and key employees named by the Board of Directors subscribed for Series C share options in 2002. The subsidiary YIT Construction Ltd subscribed for all of the Series D share options; it is intended that they will be distributed in 2003-2005, provided the profitability and growth targets laid out in the option programme are met.

Option criteria

Pro-gramme	Maximum number of options	Criterion	Benchmark / Threshold values
D1	600,000	Profit-ability	Annual return on investment /14-21%
D2	350,000	Growth	Net sales in 2004 / EUR 1,950-2,300 million

In 2003, a total of 112,476 D1 options were granted to the Group's management and key employees.

Each share option entitles its holder to subscribe for one share with a nominal value of two euros. A maximum total of 1,400,000 shares can be subscribed for, which on December 31, 2003, would have represented 4.6 per cent of the company's shares outstanding in their entirety. On the basis of the subscriptions, the company's share capital may be raised by a maximum amount of EUR 2,800,000. The shares can be subscribed for annually during the period from April 1 - November 30 such that the subscription period for the Series C share options begins on April 1, 2004, and for the Series D share options on April 1, 2005. Both subscription periods end on November 30, 2006.

The subscription price of the share is EUR 15.19 per share. The subscription price will be lowered after January 1, 2003, by the amount of dividends per share distributed by the date when the share subscription period begins.

Shares and options owned by the Board of Directors, president and CEO and other management, December 31, 2003

	Shares	C option	D option
Board of Directors	410,892	16,080	4,284
President and CEO *)	38,692	16,080	4,284
Group's Management Board	69,342	62,100	16,530

*) The president and CEO is also a member of the Board of Directors and the chairman of the Group's Management Board.

Insider administration

The YIT Group uses Guidelines for Insiders that follow the Guidelines for Insiders approved by Helsinki Exchanges for listed companies.

The members of the parent company's Board of Directors, the president and executive vice

president of the parent company and the chief auditor are statutory insiders by virtue of their positions. The specified insiders, defined as such due to their duties, include the members and secretary of the Group's Management Board, persons responsible for administration, personnel, legal services, accounting, finance, communications and investor relations at the Group level and the secretaries of the senior management. In addition, the permanent insiders include the members and secretaries of the Boards of the parent companies of the Group's four business segments (YIT Building Systems, YIT Construction Services, YIT Services for Industry and YIT Data Network Services) as well as the secretaries of the presidents of the business segments and their financial managers. The Group has a total of about 50 permanent insiders.

Permanent insiders may not buy or sell securities issued by YIT Corporation in the 14-day period preceding the publication of the financial statement bulletin or interim reports ("closed window"). Persons recorded in the project-specific insider register are barred from buying or selling YIT securities until the project is made public or lapses.

The YIT Group's Guidelines for Insiders and information on the share and option ownership of permanent insiders can be read on the company's Internet site. The information is updated monthly.

Audit

According to the Articles of Association, the company shall have one auditor that must be a firm of auditors approved by the Central Chamber of Commerce. The auditor's term of office is the financial period at the time of his election and ends at the conclusion of the next Annual General



YIT Corporation's Annual General Meeting is the Group's highest decision-making body.

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Meeting. The Annual General Meeting in the spring of 2003 elected PricewaterhouseCoopers Oy, Authorized Public Accountants, to audit the administration and accounts in 2003. The chief auditor is Pekka Nikula, Authorized Public Accountant, M.Sc. (Econ.).

In accordance with the decision taken by the Annual General Meeting, the auditor shall be remunerated in accordance with the amount invoiced. In 2003, remuneration amounted to a total of EUR 2.2 million. The sum includes EUR 1.4 million in services unrelated to the audit. The share of these services was exceptionally high due to the large acquisition that was carried out and the preparations for the changeover to IAS/IFRS in reporting.

Organization and supervision of business operations

The Group's business operations are divided into four business segments: YIT Building Systems, YIT Construction Services, YIT Services for Industry and YIT Data Network Services. The heads of the business segments report to the Group CEO. The reporting and supervision of the business segments are based on budgets drafted every six months and on monthly performance reporting. Each business segment holds follow-up meetings led by the Group CEO twice a year; present at these meetings are the management of the business segment, the management of the business units and other key employees of the business segment.

As a rule, the Boards of Directors of the parent companies of the business segments meet on a monthly basis. The Group CEO serves as the chairman. The members are the executive vice president of the Group's parent company, the president of each business segment and the directors of the divisions and units operating in different

countries. The Boards of Directors deal with matters such as the business segment's development, strategic and annual planning, the supervision of business operations and performance, investments, acquisitions and internal organization within the business segment.

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

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

The Group's accounting department provides instructions on the drafting of the financial statements and interim financial statements as well as prepares the consolidated financial statements. The parent company's finance department attends to the YIT Group's asset management and funding on a centralized basis and is responsible for the management of interest and exchange rate risks. The financial managers of the business segments monitor that reporting within the business segments is carried out in line with the instructions issued by Group management. The Group's legal affairs department provides guidelines for and oversees the agreements made by the company. The Group's personnel department both guides and supervises the Group's personnel policy.

Internal audit

The company does not have a separate internal auditing function. The Group's auditor assesses the functionality of the company's internal monitoring system as part of his supervision of the lawfulness of operations.

CHAIRMAN***Ilkka Brotherus,***

born 1951, M.Sc. (Econ.),
Managing Director of
Sinituote Oy since 1989.

PREVIOUS MAJOR POSITIONS:

Hackman Housewares
Oy, Managing Director, 1987-88;
Havi Oy, Managing Director, 1981-86;
Mestarikustannus Oy, Managing Director,
1979-81.

POSITIONS OF TRUST:

Member of YIT's Supervisory Board, 1998-
2000, Member of the Board of Directors
since 2000 and Chairman since 2002.
Amer Group, Member and Vice Chairman
of the Board of Directors since 2000;
Tapiola Mutual Pension Insurance Com-
pany, Chairman of the Supervisory Board
since 1996.

SHAREHOLDING:

368,800 YIT shares.

**MEMBERS*****Reino Hanhinen,***

born 1943, M.Sc. (Eng.),
honorary doctorate in
technology,
President and CEO of
YIT Corporation since
1987 and Group CEO
since 2000.

PREVIOUS MAJOR POSITIONS:

Perusyhtymä Oy, Managing Director, 1986-
87; YIT Oy Yleinen Insinööri-toimisto, Man-
aging Director, 1985-86; Oy PPTH-Norden
Ab, Managing Director, 1976-1985;
YIT Oy Yleinen Insinööri-toimisto, Division
Manager, 1974-76, and Work Supervisor,
1968-74.

POSITIONS OF TRUST:

Tapiola Mutual Pension Insurance Com-
pany, member of the Supervisory Board
since 1998.

SHARE AND SHARE OPTION OWNERSHIP:

38,692 YIT shares.

16,080 Series C and 4,284 Series D share
options from 2002.

**VICE CHAIRMAN*****Eino Halonen,***

born 1949, M.Sc.
(Econ.),
Managing Director of
Suomi Mutual Life
Assurance Company
since 2000.

PREVIOUS MAJOR POSITIONS:

Pohjola Life Assurance Company Ltd,
Managing Director, 1998-99;
Merita Nordbanken, Executive Vice Presi-
dent, 1998; Merita Pankki Oy, Director,
1995-97 and Regional Bank Manager,
1988-95; Kansallis-Osake-Pankki 1971-95.

POSITIONS OF TRUST:

YIT, member of the Board of Directors
since 2000 and Vice Chairman since 2003.
Pohjola Group Insurance Corporation,
Chairman of the Board of Directors since
2003; Pohjola Non-Life Insurance Com-
pany Ltd, Chairman of the Board of Direc-
tors since 2003; Ilmarinen Mutual Pension
Insurance Company, member of the Board
of Directors since 2000; Rakentajain Kone-
vuokraamo Oyj, member of the Board of
Directors since 2003.

SHAREHOLDING:

Does not own YIT shares.

***Asmo Kalpala,***

born 1950, M.Sc.
(Econ.),
President of the Tapiola
Insurance Group since
1994 and Chairman of
its Boards since 1987.

PREVIOUS MAJOR POSITIONS:

Tapiola Pension, Managing Director, 1987-
97; Tapiola Life, Managing Director, 1987-
94; Tapiola General, Managing Director,
1987-94; Metsäliitto Group, CFO, 1984-86;
Tapiola Insurance Group, Credit Manager,
1983-84; Aura Group, Investment Manager,
1980-83 and Assistant Manager, 1979-80;
Salmi, Virkkunen & Helenius, Accountants,
Auditor, 1973-78.

POSITIONS OF TRUST:

YIT, member of the Board of Directors,
1984-90, Chairman and member of the
Supervisory Board, 1990-2000, Vice Chair-
man of the Board of Directors, 2000-03,
and member as from 2003.

M-real Corporation, member of the Board
of Directors since 1990;
Center for Finnish Business and Policy

Studies EVA, Vice Chairman since 2000;
LTT Tutkimus Oy, member of the Board of
Directors since 1988.

SHAREHOLDING:

Does not own YIT shares.

Mikko Kivimäki,

born 1939, LL.M., hono-
rary doctorate in technol-
ogy, President and CEO
of Rautaruukki Corpora-
tion, 1982-2003, and
Chairman of the Board of
Directors, 1985-2001.

PREVIOUS MAJOR POSITIONS:

Rautaruukki Corporation, Executive Vice
President, 1980-82, Administrative Direc-
tor, 1976-80, Assistant Director, 1972-76,
and Attorney-at-Law, 1967-72.

POSITIONS OF TRUST:

Member of YIT's Supervisory Board, 1990-
2000, and member of the Board of Direc-
tors since 2000.

Metso Oyj, member of the Board of Direc-
tors and Vice Chairman since 1999; Finn-
ish Maritime Administration, Chairman of
the Management Board since 1998.

SHAREHOLDING:

Does not own YIT shares.

***Teuvo Salminen,***

born 1954, M.Sc.
(Econ.), Deputy CEO of
Jaakko Pöyry Group Oyj
since 1999.

PREVIOUS MAJOR POSITIONS:

Jaakko Pöyry Group

Oyj, Division Manager, 1997-99, CFO,
1988-97 and Financial Manager, 1985-88;
Partner in an accounting firm, 1978-84.

POSITIONS OF TRUST:

YIT, member of the Board of Directors
since 2001.

Capman Oyj, member of the Board of
Directors since 2000; Tapiola General
Mutual Insurance Company, member of
the Supervisory Board since 1999.

SHAREHOLDING:

3,400 YIT shares.

YIT Corporation's Executive Vice President
Esko Mäkelä serves as the secretary of
the Board of Directors.



The Group's Management Board

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CHAIRMAN

Reino Hanhinen,

born 1943, M.Sc. (Eng.), honorary doctorate in technology, President and CEO of YIT Corporation since 1987 and Group CEO since 2000. In the Group's employ since 1968.

PREVIOUS MAJOR POSITIONS:

Perusyhtymä Oy, Managing Director, 1986-87; YIT Oy Yleinen Insinööritoimisto, Managing Director, 1985-86; Oy PPTH-Norden Ab, Managing Director, 1976-1985; YIT Oy Yleinen Insinööritoimisto, Division Manager, 1974-76, and Work Supervisor, 1968-74.

POSITIONS OF TRUST:

Tapiola Mutual Pension Insurance Company, member of the Supervisory Board since 1998.

SHARE AND SHARE OPTION

OWNERSHIP:

38,692 YIT shares.

16,080 Series C and 4,284 Series D share options from 2002.



SHARE AND SHARE OPTION

OWNERSHIP:

26,050 YIT shares.

8,040 Series C and 2,142 Series D share options from 2002.

MEMBERS

Ilpo Jalasjoki,

born 1951, M.Sc. (Eng.), President of YIT Construction Ltd since 2000. In the Group's employ since 1987.

PREVIOUS MAJOR

POSITIONS:

Head of YIT Building Construction division, 1999-2000; YIT Tolonen Oy, Managing Director, 1987-99; Kummila Oy, Residential Construction Manager, 1981-87; Rakenusliike Eero Keränen Oy, Technical Manager, 1979-81; National Housing Board, Office Engineer, 1977-79; VTT, Researcher, 1975-77

SHARE AND SHARE OPTION

OWNERSHIP:

2,000 YIT shares.

8,040 Series C and 2,142 Series D share options from 2002.



Juha Kostiainen,

born 1965, M.Sc. (Eng.), PhD (Adm.), YIT's Vice President, Corporate Planning, since 2003. In the Group's employ since 2001.

PREVIOUS MAJOR

POSITIONS:

YIT Construction Ltd, Development Manager, 2001-03; City of Tampere, Business Sector Manager, 1997-2001; Finn-Medi Tutkimus Oy, Managing Director, 1995-97; Prizztech Oy, Managing Director, 1992-95;

SHARE AND SHARE OPTION

OWNERSHIP:

Does not own YIT shares.

2,580 Series C and 684 Series D share options from 2002.



Hannu Leinonen,

s. 1962, born 1962, M.Sc. (Eng.), Managing Director of YIT Primatel Ltd since 2001.

In the Group's employ since 2001.

PREVIOUS MAJOR

POSITIONS:

Sonera Telecom, Director, 1999-2001; Sonera Corporation, Network Services, Director, 1996-99; Skanska Oy, Procurement Manager, 1994-96; Haka Oy, Procurement Manager, 1992-94, and Research Engineer, 1989-92.

SHARE AND SHARE OPTION

OWNERSHIP:

Does not own YIT shares.

4,830 Series C and 1,284 Series D share options from 2002.



Veikko Myllyperkiö,

born 1946, M.Sc. (Pol.Sc.), YIT's Vice President, Communications, since 2001.

In the Group's employ since 2001.

PREVIOUS MAJOR

POSITIONS:

The Confederation of Finnish Construction Industries, Director, 1991-2000; The Federation of the Finnish Building Industry, Ombudsman, 1984-91; VTT, Construction Economy Researcher, 1971-84.

SHARE AND SHARE OPTION

OWNERSHIP:

1,600 YIT shares.

4,830 Series C and 1,284 Series D share options from 2002.



VICE CHAIRMAN

Esko Mäkelä,

born 1943, M.Sc. (Eng.), MBA, Executive Vice President of YIT Corporation since 1987, in charge of the Group's administra-

tion and finance. In the Group's employ since 1965.

PREVIOUS MAJOR POSITIONS:

YIT Oy Yleinen Insinööritoimisto, Managing Director, 1986-87; Perusyhtymä Oy, Administrative Director, 1982-86, and Assistant Manager, 1981-82; YIT Oy Yleinen Insinööritoimisto, Regional Manager (Saudi Arabia), 1977-80, Assistant Manager, 1972-77, and Development Manager, 1970-72.

POSITIONS OF TRUST:

Etera Mutual Pension Insurance Company (LEL), member of the Board of Directors since 1992 and Chairman since 2003; PPTH-Norden Oy, member of the Board of Directors since 2000.



Juhani Pitkääkoski,

born 1958, LL.M.,
President of YIT Building
Systems Ltd since 2003.
In the Group's employ
since 1988.

**PREVIOUS MAJOR
POSITIONS:**

YIT Installation Ltd, President, 2002-03;
YIT Industry Ltd, Deputy Managing Direc-
tor, 2000-02; YIT Service Ltd, Managing
Director, 1998-2000; YIT Corporation, Unit
Manager, 1997-98; Oy Huber Teollisuus
Ab, Managing Director, 1994-96;
Oy Huber Ab, Director of the Factory
Service unit, 1991-94, and Attorney-at-
Law, 1988-91; The Electrical Contractors'
Association of Finland, Attorney-at-Law,
1986-88.

**SHARE AND SHARE OPTION
OWNERSHIP:**

1,000 YIT shares.
8,040 Series C and 2,142 Series D share
options from 2002.

**Raimo Poutiainen,**

born 1954, M.Sc. (Eng.),
Managing Director of YIT
Industry Ltd since 2003.
In the Group's employ
since 1988.

**PREVIOUS MAJOR
POSITIONS:**

YIT Industria Ltd, Managing Director since
2002; YIT Power Oy, Managing Direc-
tor, 1988-2002; Oy Wärtsilä Ab, Ylivieska
plant's Technical Department Director,
1980-87.

**SHARE AND SHARE OPTION
OWNERSHIP:**

Does not own YIT shares.
4,830 Series C and 1,284 Series D share
options from 2002.

**Sakari Toikkanen,**

born 1967, Lic. (Tech.),
Executive Vice President
of YIT Building Systems
Ltd since 2003. In the
Group's employ since
1997.

**PREVIOUS MAJOR
POSITIONS:**

YIT, Vice President, Corporate Planning,
2001-03; YIT Construction Ltd, Develop-
ment Manager 1999-2000 and Quality
Manager 1997-98; TKK, Researcher 1993-
96.

**SHARE AND SHARE OPTION
OWNERSHIP:**

Does not own YIT shares.
4,830 Series C and 1,284 Series D share
options from 2002.

**Antero Saarilahti,** YIT's

Vice President, Ad-
ministration, serves
as the secretary of the
Group's Management
Board.



PricewaterhouseCoopers Oy, Authorized
Public Accountants, with **Pekka Nikula,**
Authorized Public Accountant, M.Sc.
(Econ.), as chief auditor. Pekka Nikula
does not own YIT shares.

*The information on share and share option
ownership is valid as at January 2, 2004.
These figures include their own holdings
and those of their underage children and
corporations in which they have a control-
ling interest. Information on ownership is
available at YIT's site and updated monthly.*

The aim of YIT's Investor Relations is to communicate all the essential information on YIT to all the market parties, and to do so continuously, consistently and equitably, so that the value of YIT's share reflects its fair value. We seek to provide the market with highly accurate information and to maintain openness and transparency.

One of our operating principles is the commitment of the Group's senior management and IR personnel to serving the capital markets. A service-minded attitude in all investor relations is also part of these principles. We seek to maintain the confidence and interest of all investors towards YIT's share.

YIT has a two-week closed period before the publication of each of its earnings bulletins. During that period, the company's representatives do not provide comments or meet capital market representatives. Closed periods are shown in the "IR Calendar" section of YIT's Internet site.

IR contacts

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Investor Relations
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In May 2003, YIT won first place for the second year running in the Nordic IR competition held by Investor Relations Magazine. YIT won in the Best Small Cap Finnish Company Investor Relations series.





At least the following analysts make investment analyses on YIT Corporation:

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Conventum Securities Ltd		
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- Feb. 13** YIT's net sales in 2002 amounted to EUR 1,763.0 million and its operating profit to EUR 89.8 million. The order backlog at the end of the period was EUR 938.8 million.
- Feb. 24** The Helsinki District Court rejected YIT's claim concerning the refurbishing of SOK's former head office building in 1999. YIT announced that it would appeal the decision.
- Mar. 3** A tax representative lodged an appeal to overturn the decision by the Tax Correction Board of the Tax Office for Major Corporations whereby YIT was repaid EUR 10.9 million in residual taxes. YIT did not book the repaid taxes in its result.
- Mar. 13** The Annual General Meeting adopted the 2002 financial statements and discharged the accountable parties from liability. It was decided that a dividend of EUR 0.90 would be paid per share. The former members of the Board of Directors and the auditor were re-elected. The Board of Directors was authorized to decide on the disposal of YIT shares.
- Mar. 19** From amongst its members, the Board of Directors elected Ilkka Brotherus as its chairman and Eino Halonen as its vice chairman.
- May 6** In the first quarter, YIT's net sales amounted to EUR 431.5 million and its operating profit to EUR 6.9 million. The order backlog at the end of the period exceeded one billion, rising to EUR 1,008.3 million.
- June 3** YIT announced that it intends to raise the number of its market-financed housing start-ups to about 2,800 residential units in 2003.
- June 30** YIT sold its Finland- and Estonia-based Makroflex companies and Makroflex brand to Henkel.
- July 4** YIT purchased from ABB the company's Building Systems operations in the Nordic countries, the Baltic states and Russia. The acquired business had net sales in 2002 of about EUR 1,130 million and around 9,100 employees. The deal had to be approved by the competition authorities before coming into force.
- July 21** The Finnish Competition Authority approved the acquisition of Building Systems in Finland.
- July 28** The Swedish Competition Authority approved the acquisition of Building Systems in Sweden.
- Aug. 1** In the first half of the year, YIT's net sales amounted to EUR 932.1 million and its operating profit to EUR 57.9 million. The order backlog at the end of the period was EUR 1,091.8 million.
- Aug. 29** The Lithuanian Competition Authority approved the Building Systems acquisition on August 28. YIT paid the purchase price of EUR 169.2 million to ABB on August 29. The acquisition was consummated and the business functions were transferred to YIT on the same day.
- Aug. 29** The Board of Directors decided to dispose of a maximum of 567,500 YIT shares owned by the company as part of the financial arrangements of the Building Systems acquisition. Sept. 5 YIT sold 567,500 YIT shares on Helsinki Exchanges at a price of EUR 22.00 per share.
- Sept. 5** YIT sold 567,500 YIT shares on Helsinki Exchanges at a price of EUR 22.00 per share.
- Oct. 3** YIT announced that it will start up an action programme to improve the profitability of the Building Systems business in Sweden. The action programme pertained to about 400 people.
- Oct. 30** In the January-September period, YIT's net sales amounted to EUR 1,435.7 million and its operating profit to EUR 85.8 million. The September figures of the acquired Building Systems business were not included in the third-quarter figures. The order backlog rose to a record level: EUR 1,416.5 million.
- Oct. 30** YIT applied to Helsinki Exchanges for the reduction of the company's round lot from 200 to 50 shares. The change came into force on November 3.
- Dec. 19** YIT announced that it will commence residential construction in and around Moscow. It is estimated that 1,400 residential units will be started up in 2004.



On 4 July 2003, YIT acquired from ABB its Building Systems business functions in the Nordic and Baltic countries and Russia. This photo was taken at the press conference held in Pitäjänmäki, Helsinki.



YIT builds and maintains data network-related infrastructure, such as towers and cables, and offers services for industrial infrastructure, such as the electrification of industrial processes and railways, the construction of electric stations and industrial air-conditioning.

Regional development project

In regional development projects, YIT works with the landowner as the city's strategic partner in regional development, teaming up to develop the themes and identity of the area, eco-efficient implementation and maintenance during the entire life cycle, ensuring that the interests and viewpoints of all the parties are accounted for in the practical implementation of the project.

Life cycle service, life cycle delivery, life cycle responsibility

In its life cycle services, YIT calculates the life-cycle costs and environmental impacts of the project it is implementing and takes on responsibility for them for a certain period of time, such as 15-30 years. When calculating life-cycle costs (LCC), the investment, usage, maintenance and disposal costs over an agreed period of time are optimized. In life-cycle analysis (LCA), the environmental issues and potential environmental impacts of a product, system or the entire property are considered over an agreed life cycle.

Infraservices

Infraservices encompass traditional infrastructure, that is, the construction of land and water environments and their maintenance. The sites include bridges, roads, railways, sound barriers, harbours, channels, yards, markets, gardens, sports fields, landscaping, paving, different types of excavation, foundation works, landfills and waste treatment areas. In addition, YIT builds and maintains data network-related infrastructure, such as towers and cables, and offers services for industrial infrastructure, such as the electrification of industrial processes and railways, the construction of electric stations and industrial air-conditioning.

Building systems, building equipment systems

Building systems - that is, building equipment systems - include heating, plumbing, ventilation, electrical and automation systems, sprinklers, access control and security systems and property data networks for residences, business premises and industrial facilities. YIT's services also include property maintenance and servicing and facility management.

User equipment, user equipment environment

User equipment in data network services comprises workstations, such as PCs, and their peripherals. The user equipment environment refers to the networks in the customer environment (Local Area Networks, LANs) and the technology featured in them, including the user equipment. The user equipment environment may also be a telephone exchange and its extensions, including the telephones.

Developer contracting

In developer contracting, the developer acquires a plot, establishes a company, designs the site that will be built and then sees it to completion for use by the shareholders in the housing corporation.

PPP model, public-private partnership

A model for cooperation between the public and private sectors in which it can be agreed, for example, that the financing company that owns the building will rent the premises to the public sector body for an agreed period of time. The public sector body does not necessarily become the owner of the building erected for its needs nor is it under any obligation to continue the lease or buy out the property after the end of the lease period.

YIT Corporation		President and CEO <i>Reino Hanhinen</i>		
Corporate Communications <i>Veikko Myllyperkiö</i>	Corporate Services Executive Vice President <i>Esko Mäkelä</i>			
Corporate Planning <i>Juha Kostiainen</i>	Corporate Finance <i>Jaakko Mäkynen</i>	Corporate Operational Accounting <i>Leila Vanhanen</i>	Investor Relations <i>Petra Thorén</i>	
Administrative Services Administrative Director <i>Antero Saarilahti</i>				
	Personnel <i>Leena Lomakka</i>	Legal Services <i>Jorma Liisanantti</i>	IT Services YIT Information Technology Ltd <i>Reino Myllymäki</i>	Equipment Services YIT Equipment Ltd <i>Kimmo Karppanen</i>
	Office Services <i>Oiva Siltanen</i>	Insurance Services <i>Hannu Hakkarainen</i>		
Building Systems		YIT Building Systems Ltd President <i>Juhani Pitkääkoski</i>		
Executive Vice President <i>Sakari Toikkanen</i>	YIT Kiinteistö- tekniikka Oy Finland Baltic Countries Russia President <i>Antti Rantanen</i> Executive Vice President <i>Pekka Hämäläinen</i>	YIT Building Systems AB YIT Calor AB Sweden Country Manager <i>Kari Kallio</i>	YIT Building Systems AS Norway President <i>Arne Malonæs</i>	YIT A/S Denmark President <i>Leo G Sørensen</i>
Development <i>Kalle-Pekka Sävelkoski</i>				
Financial Administration <i>Simo-Pekka Niemi</i>				
Construction Services		YIT Construction Ltd President <i>Ilpo Jalasjoki</i>		
Development and Marketing <i>Tom Sandvik</i>	Residential Construction <i>Jouko Kempainen</i>	Business Premises <i>Saku Sipola</i>	Infraservices <i>Juhani Kuusisto</i>	International Operations <i>Mikko Rekola</i>
Financial Administration <i>Tenho Nissinen</i>	Building Construction <i>Timo Lehmus</i>			
Services for Industry		YIT Industry Ltd President <i>Raimo Poutiainen</i>		
Administration and Development Executive Vice President <i>Christer Nyström</i>	YIT Service Ltd <i>Juha Moisio</i>	YIT Industria Ltd <i>Raimo Poutiainen</i>		
Financial Administration <i>Taina Heikkilä</i>				
Data Network Services		YIT Primatel Ltd President <i>Hannu Leinonen</i>		
Corporate Planning and Communications <i>Matti Kärkkäinen</i>	Mobile Networks <i>Antti Nurminen</i>	Fixed Networks <i>Hannu Lehtinen</i>	Other Business Operations <i>Reijo Kananen</i>	
Financial Administration <i>Tuula Haataja</i>				

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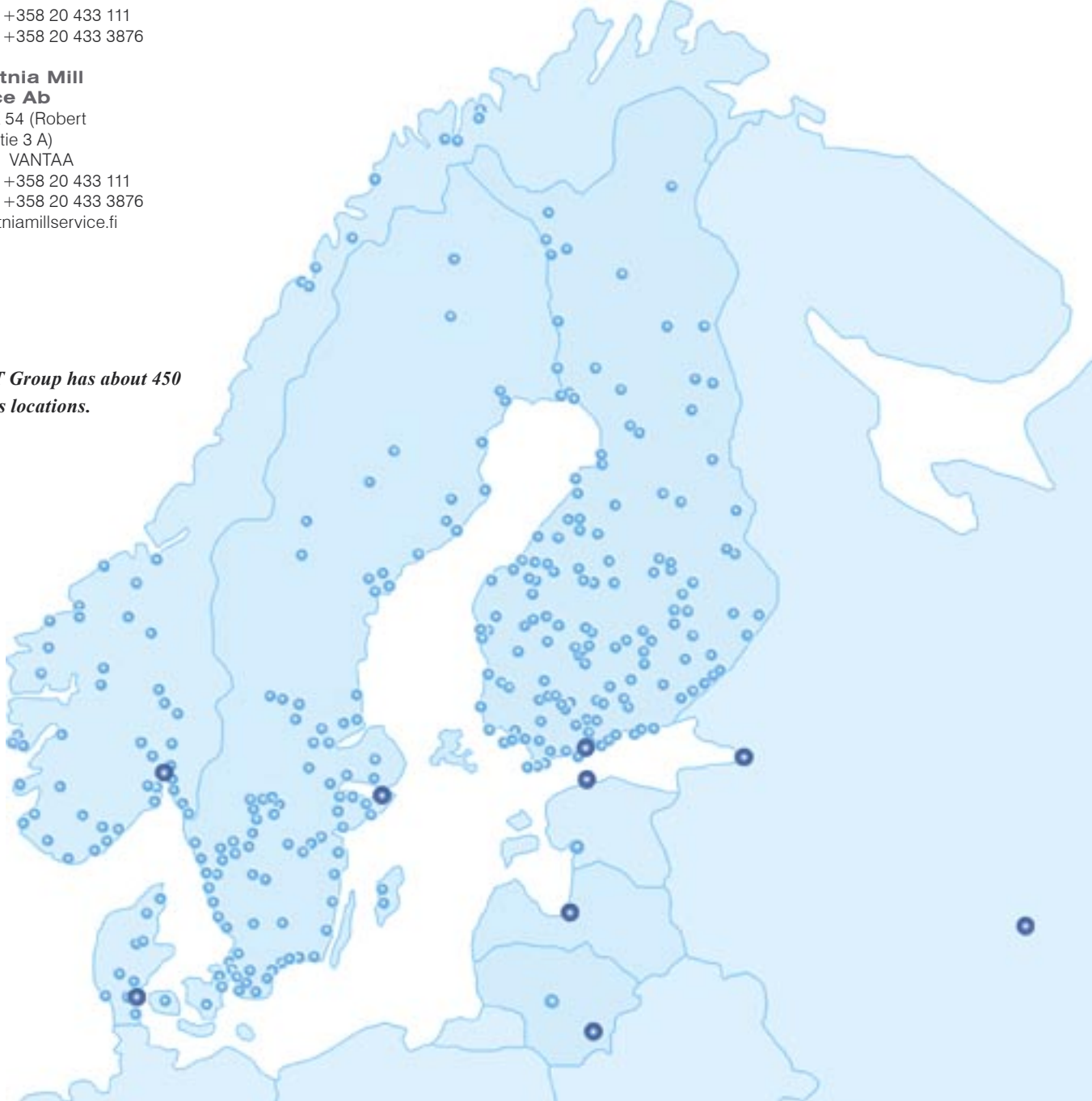
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The YIT Group has about 450 business locations.



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“Together we can do it” is our promise to all our interest groups.
It is our pledge of service, cooperation and partnerships characterized by
open communications and confidentiality.

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