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YIT Group's Financial Statements 1999

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

The Group's earnings increased significantly, dividend yield growing

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

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

Good progress towards the financial targets

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

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

The good market situation increases demand for YIT's services

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

The divisions enjoy a good earnings trend

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

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

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

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

Improvement in the Group's financial position

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

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

Using acquisitions to implement strategy

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

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

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

The founding of Scandinavian Mill Service Oy in the spring 1999 together with the Metso Group marked a major bridgehead in the development of maintenance services for the wood-processing industry. The project brings together YIT's expertise in the differentiation of maintenance services and Metso's processing know-how in the wood processing industry. YIT owns 51% of the company and Metso owns 49%. The company has set up subsidiaries in Sweden and Norway, and it is part of the YIT Huber Division.

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

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

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

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

Capital expenditures on fixed assets total EUR 35.6 million

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

Development operations continue apace; a significant first in employee training

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

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

In line with YIT's core values and the Group-level key results derived from them, the development areas that have been considered important for YIT employees have not been limited to actual basic vocational skills. They also include quality, customer service and preparedness to cooperate. Last year, development operations continued actively in the these subareas. Customer satisfaction surveys were carried out in the divisions and were utilized in customer service training. Other focus areas of training were managerial skills, *"In the past few years, maintenance and servicing capabilities in particular have been strengthened. The objective is to impart both stability and growth to the Group's business operations."*

foreign languages, information technology, safety and hotwork.

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

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

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

Transparency through the development of the Group structure

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

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

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

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

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

In connection with the reshaping of the corporate structure, it will be proposed to the Annual General Meeting, which will be held on March 6, 2000, that the Articles of Association be amended to the effect that the company's Supervisory Board will be dissolved. In place of the present Board of Directors consisting of executive directors, it will be proposed that a new Board of Directors made up of non-executive directors be formed. The Group's line operations and planning will be coordinated by setting up a Group Management Board.

Rationalization through mergers of subsidiaries

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

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

The turn of the millennium did not cause IT problems

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

YIT's shares and shareholders

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

The number of registered shareholders was 3,510 (3,368) at the beginning of the year and 3,322 at the end. According to the figures for nominee registrations, foreigners' holdings in the company were 12.1% (19.0) at the beginning of the year and 7.1% at the end.

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

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

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

Share buyback

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

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

Share options and authorizations to issue shares and bonds

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

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

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

The Supervisory Board, the Board of Directors and auditors

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

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

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

Events since the end of 1999

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

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

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

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

The outlook for 2000 is good

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

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

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

INCOME STATEMENTS (EUR thousands)

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

BALANCE SHEETS (EUR thousands)

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

BALANCE SHEETS (EUR thousands)

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

STATEMENT OF CHANGES IN FINANCIAL POSITION (EUR thousands)

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

Accounting policy

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

CONSOLIDATION

Extent of the consolidated financial statements

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

Intra-Group transactions and margins

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

Intercompany share ownership

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

Minority interests

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

Associated companies

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

FIXED ASSETS AND DEPRECIATION

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

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

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

INVENTORIES

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

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

CHANGE IN INVENTORIES

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

RECORDING OF INCOME FROM PROJECTS

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

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

ITEMS DENOMINATED IN FOREIGN CURRENCY

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

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

PENSION ARRANGEMENTS

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

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

APPROPRIATIONS

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

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

DIRECT TAXES

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

COMPARABILITY

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

MANAGEMENT OF FINANCIAL RISKS

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

Foreign exchange risk

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

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

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

Interest rate risk

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

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

Liquidity risk

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

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

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

DEFINITIONS OF FINANCIAL INDICATORS

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

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

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

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Personnel, average numbers by division				
YIT Building Construction	**1,457**	1,421		
YIT Property Services	**517**	370		
YIT Huber	**3,727**	3,380		
YIT Civil Engineering	**759**	709		
YIT International Operations	**1,871**	822		
YIT Steel Construction	**113**	377		
Others	**277**	261		
Total	**8,721**	7,340		
Personnel at year-end	**8,262**	7,536		

Pension commitments to members of the Board of Directors and Presidents

The President and six members of the Board of Directors of the parent company are entitled to retire at the age of 60. The presidents of other Group companies retire at the statutory age.

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
5. DEPRECIATION AND WRITE-DOWNS				
Depreciation on tangible and intangible assets	**12,914**	14,139	**4,120**	3,331
Amortization of goodwill	**5,680**	3,314		
Total	**18,594**	17,453	**4,120**	3,331
6. OPERATING PROFIT BY DIVISION				
YIT Building Construction	**28,098**	18,760		
YIT Property Services	**17,354**	19,200		
YIT Huber	**15,279**	14,130		
YIT Civil Engineering	**2,448**	-659		
YIT International Operations	**2,832**	4,429		
YIT Steel Construction	**725**	4,893		
Other items	**-4,501**	-6,239		
Total	**62,235**	54,514		
7. FINANCIAL INCOME AND EXPENSES				
Dividend income				
From Group companies			**2,761**	4,180
From associated companies			**151**	563
From others	**409**	138	**405**	138
Total	**409**	138	**3,317**	4,881
Interest income on non-current investments				
From Group companies			**1,350**	206
From others	**305**	437	**258**	437
Total	**305**	437	**1,608**	643
Other interest and financial income				
From Group companies			**668**	555
From others	**1,576**	1,060	**847**	998
Total	**1,576**	1,060	**1,515**	1,553
Write-downs on investments				
Revaluation on non-current investments	**444**		**444**	
Write-downs on non-current investments	**-186**			
Total	**258**		**444**	

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Interest and other financial expenses				
To Group companies			**-1,147**	-968
To others	**-9,608**	-10,105	**-9,175**	-9,605
Total	**-9,608**	-10,105	**-10,322**	-10,573
Financial income and expenses, total	**-7,060**	-8,470	**-3,438**	-3,496
Financial income and expenses include foreign exchange differences, net	**520**	-964	**364**	-838

8. EXTRAORDINARY ITEMS

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Extraordinary income				
Gains on sale of non-current assets	**14,282**		**13,300**	315
Group contributions			**19,376**	14,810
Gains on merger and winding up		39		65
Deferred taxes	**4,225**			
Others		45		22
Total	**18,507**	84	**32,676**	15,212
Extraordinary expenses				
Losses on merger and winding up		-175		-2,434
Others		-103		-86
Total		-278		-2,520
Extraordinary items, total	**18,507**	-194	**32,676**	12,692

9. APPROPRIATIONS

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Difference between depreciation according to plan and depreciation reported in taxation			**-470**	-1,019

10. DIRECT TAXES

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Income taxes on extraordinary items	**-3,724**		**-3,724**	
Income taxes on ordinary operations	**-10,327**	-15,173	**-6,750**	-11,256
Income taxes for previous years	**126**	1,400	**170**	1,315
Change in imputed deferred taxes	**1,771**	-696		
Total	**-12,154**	-14,469	**-10,304**	-9,941

NOTES TO THE BALANCE SHEETS

11. CHANGES IN NON-CURRENT ASSETS

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Intangible assets				
Intangible rights				
Acquisition cost at Jan. 1	**1,250**	1,232	**178**	179
Increases	**559**	23		
Decreaces	**14**	4		
Transfers to another asset group		1		1
Acquisition cost at Dec. 31	**1,795**	1,250	**178**	178
Accumulated depreciation and write-downs at Jan. 1	**36**	36	**36**	36
Depreciation for the financial year	**44**			
Accumulated depreciation and write-downs at Dec. 31	**80**	36	**36**	36
Book value at Dec. 31	**1,715**	1,214	**142**	142
Goodwill				
Acquisition cost at Jan. 1	**2,909**	2,847	**1,062**	1,062
Increases	**123**	85		
Decreaces		23		
Acquisition cost at Dec. 31	**3,032**	2,909	**1,062**	1,062
Accumulated depreciation and write-downs at Jan. 1	**1,992**	1,661	**544**	402
Depreciation for the financial year	**349**	331	**142**	142
Accumulated depreciation and write-downs at Dec. 31	**2,341**	1,992	**686**	544
Book value at Dec. 31	**691**	917	**376**	518
Other long-term expenditure				
Acquisition cost at Jan. 1	**6,353**	4,132	**5,699**	3,804
Increases	**3,537**	2,686	**3,302**	2,354
Transfers from another asset group	**88**			
Decreases	**6**	52		50
Transfers to another asset group		413		409
Acquisition cost at Dec. 31	**9,972**	6,353	**9,001**	5,699
Accumulated depreciation and write-downs at Jan. 1	**3,062**	2,414	**2,824**	2,173
Depreciation for the financial year	**1,074**	648	**961**	651
Accumulated depreciation and write-downs at Dec. 31	**4,136**	3,062	**3,785**	2,824
Book value at Dec. 31	**5,836**	3,291	**5,216**	2,875
Intangible assets, total	**8,242**	5,422	**5,734**	3,535
Goodwill on consolidation				
Acquisition cost at Jan. 1	**30,254**	26,402		
Increases	**5,886**	3,852		
Acquisition cost at Dec. 31	**36,140**	30,254		
Accumulated depreciation and write-downs at Dec. 31	**23,817**	18,137		
Book value at Dec. 31	**12,323**	12,117		
Tangible assets				
Land				
Acquisition cost at Jan. 1	**14,931**	14,615	**1,394**	1,394
Increases	**102**	335		
Decreaces	**917**	18		
Transfers to another asset group		1		
Acquisition cost at Dec. 31	**14,116**	14,931	**1,394**	1,394
Book value at Dec. 31	**14,116**	14,931	**1,394**	1,394
Buildings and structures				
Acquisition cost at Jan. 1	**53,851**	49,787	**5,469**	5,168
Increases	**5,738**	4,223	**39**	281
Transfers from another asset group		2		
Assets transferred in merger				57
Decreases	**13,026**	156	**5**	32
Transfers to another asset group		5		5
Acquisition cost at Dec. 31	**46,563**	53,851	**5,503**	5,469

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

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

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

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Other tangible assets				
Acquisition cost at Jan. 1	**1,827**	1,745	**907**	934
Increases	**118**	186	**31**	15
Transfers from another asset group	**34**	6		2
Assets transferred in merger				4
Decreases	**497**	2	**14**	
Transfers to another asset group	**40**	108		48
Acquisition cost at Dec. 31	**1,442**	1,827	**924**	907
Accumulated depreciation and write-downs at Jan. 1	**963**	767	**507**	408
Accumulated depreciation of decreases and transfers	**269**			
Depreciation for the financial year	**102**	196	**55**	99
Accumulated depreciation and write-downs at Dec. 31	**796**	963	**562**	507
Book value at Dec. 31	**646**	864	**362**	400
Advance payments and construction in progress				
Acquisition cost at Jan. 1	**475**	618	**458**	
Increases	**524**	3		
Transfers from another asset group		458		458
Decreases	**107**	604	**90**	
Book value at Dec. 31	**892**	475	**368**	458
Book value of machinery and equipment at Dec. 31	**18,264**	17,683		
Tangible assets, total	**78,321**	88,060	**13,113**	12,207

12. INVESTMENTS

	CONSOLIDATED 1999	CONSOLIDATED 1998	PARENT COMPANY 1999	PARENT COMPANY 1998
Participations in Group companies				
Acquisition cost at Jan. 1			**41,651**	35,546
Increases			**11,099**	9,142
Decreases			**5,046**	3,037
Acquisition cost at Dec. 31			**47,704**	41,651
Participations in associated companies				
Acquisition cost at Jan. 1	**2,025**	2,097	**2,274**	2,299
Increases	**184**			146
Decreases	**421**	72	**235**	171
Acquisition cost at Dec. 31	**1,788**	2,025	**2,039**	2,274
Other shares and participations				
Acquisition cost at Jan. 1	**6,366**	2,890	**2,730**	2,000
Increases	**1,082**	2,144	**684**	1,103
Transfers from another asset group		2,275		747
Decreases	**742**	943	**302**	1,120
Transfers to another asset group	**2,159**			
Acquisition cost at Dec. 31	**4,547**	6,366	**3,112**	2,730
Own shares				
Acquisition cost at Jan. 1				
Increases	**4,219**		**4,219**	
Acquisition cost at Dec. 31	**4,219**		**4,219**	
Receivables from Group companies				
Acquisition cost at Jan. 1			**26,024**	26,804
Increases				
Decreases				780
Transfers to another asset group			**778**	
Acquisition cost at Dec. 31			**25,246**	26,024
Saamiset osakkuusyrityksiltä				
Acquisition cost at Jan. 1	**5,391**	4,502	**5,391**	4,502
Increases		889		889
Decreases	**320**		**320**	
Acquisition cost at Dec. 31	**5,071**	5,391	**5,071**	5,391

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	**1999**	1998
Other investments				
Acquisition cost at Jan. 1				
Increases	**7**			
Transfers from another asset group	**8**			
Acquisition cost at Dec. 31	**15**			
Other investments, total	**5,086**	5,391	**30,317**	31,415
Investments, total	**15,640**	13,782	**87,391**	78,070

13. INVENTORIES

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	**1999**	1998
Other inventories				
Land and plot-owning companies	**58,197**	78,315	**52,481**	69,131
Shares in housing and real-estate corporations under construction	**48,846**	58,565	**48,326**	55,936
Shares in completed housing corporations	**12,734**	13,089	**11,128**	9,643
Shares in completed real-estate corporations	**12,963**	12,917	**12,820**	12,917
Others	**2,451**	15,224	**2,100**	17,333
Total	**135,191**	178,110	**126,855**	164,960

14. RECEIVABLES

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	**1999**	1998
Long-term receivables				
Trade receivables	**41**			
Receivables from Group companies				
Loan receivables			**20,701**	28,469
Total			**20,701**	28,469
Loan recivables	**3,044**	245	**3,044**	193
Other receivables	**53**		**1**	1
Prepaid expenses and accrued income	**318**		**318**	
Total	**3,415**	245	**3,363**	194
Long-term receivables, total	**3,456**	245	**24,064**	28,663
Imputed tax credits	**4,694**			
Current receivables				
Trade receivables	**140,418**	144,157	**86,350**	87,854
Receivables from Group companies				
Trade receivables			**1,478**	433
Loan receivables			**6,726**	7,676
Other receivables			**19,376**	9
Prepaid expenses and accrued income			**271**	3,755
Total			**27,851**	11,873
Receivables from associated companies				
Trade receivables	**12**		**12**	
Other receivables	**29**	32	**29**	25
Prepaid expenses and accrued income	**7**			
Total	**48**	32	**41**	25
Loan receivables	**166,884**	128,679	**166,234**	128,297
Other receivables	**3,962**	3,235	**1,985**	406
Prepaid expenses and accrued income	**69,727**	43,783	**51,979**	42,410
Current receivables, total	**381,039**	319,886	**334,440**	270,865
Receivables, total	**389,189**	320,131	**358,504**	299,528

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	**1999**	1998
Loan receivables from limited companies included in other inventories, total	**1,428**	128,005	**805**	127,746

Prepaid expenses and accrued income result primarily from partial credits to account on the uninvoiced order backlog.

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

15. SECURITIES HELD IN FINANCIAL ASSETS

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	**1999**	1998
Repurchase price	**17,080**		**16,144**	
Book value	**13,404**		**12,514**	
Difference	**3,676**		**3,630**	

16. SHAREHOLDERS' EQUITY

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	**1999**	1998
Share capital at Jan. 1	**49,342**	49,283	**49,342**	49,283
Bonds with warrants	**92**	59	**92**	59
Transfer from reserve fund	**9,333**		**9,333**	
Share capital at Dec. 31	**58,767**	49,342	**58,767**	49,342
Share premium account at Jan. 1	**247**		**247**	
Bonds with warrants	**311**	247	**311**	247
Transfer from reserve fund	**52,934**		**52,934**	
Share premium account at Dec. 31	**53,492**	247	**53,492**	247
Reserve for own shares at Jan. 1				
Transfer from retained earnings	**4,219**		**4,219**	
Reserve for own shares at Dec. 31	**4,219**		**4,219**	
Reserve fund at Jan. 1	**62,699**	62,469	**62,267**	62,267
Transfer from retained earnings	**25**	306		
Transfer to share premium account	**-52,934**		**-52,934**	
Transfer to share capital	**-9,333**		**-9,333**	
Translation difference	**39**	-76		
Reserve fund at Dec. 31	**496**	62,699		62,267
Retained earnings at Jan. 1	**113,328**	95,049	**111,809**	95,389
Divinded pay-out	**-12,336**	-9,857	**-12,336**	-9,857
Transfer to reserve fund	**-25**	-306		
Change in translation differences	**335**	-387		
Depreciation difference of subsidiary sold	**-3,111**			
Other changes	**-158**	397		
Transfer to reserve for own shares	**-4,219**		**-4,219**	
Retained earnings at Dec. 31	**93,814**	84,896	**95,254**	85,532
Profit for the financial year	**60,698**	28,432	**52,305**	26,277
	154,512	113,328	**147,559**	111,809
Shareholders' equity, total	**271,486**	225,616	**264,037**	223,665

NOTES TO THE FINANCIAL STATEMENTS (EUR thousands)

	CONSOLIDATED		PARENT COMPANY	
	1999	1998	**1999**	1998
Distributable funds at Dec. 31				
Retained earnings	**93,814**	84,896	**95,254**	85,532
Profit for the financial year	**60,698**	28,432	**52,305**	26,277
Increases in share capital	**-110**			
Portion of accumulated depreciation difference entered in shareholders' equity	**-1,933**	-5,722		
Distributable funds from shareholders' equity	**152,469**	107,606	**147,559**	111,809

17. ACCUMULATED APPROPRIATIONS

	CONSOLIDATED 1999	1998	PARENT COMPANY 1999	1998
Depreciation difference at Jan. 1			**1,038**	
Increase			**470**	1,038
Depreciation difference at Dec. 31			**1,508**	1,038

18. OBLIGATORY RESERVES

	CONSOLIDATED 1999	1998	PARENT COMPANY 1999	1998
Pension reserves				
Reserves for taxation				
Reserves for rental guarantees	**1,032**	1,177	**996**	1,177
Guarantee reserves	**822**	756		
Reserve for loss-making work	**4,529**	377	**4,529**	129
Other obligatory reserves	**278**	930		511
Total	**6,661**	3,240	**5,525**	1,817

19. LONG-TERM LIABILITIES

	CONSOLIDATED 1999	1998	PARENT COMPANY 1999	1998
Deferred tax liabilities				
On appropriations	**1,628**	2,930		
Total	**1,628**	2,930		
Liabilities falling due in five years or longer				
Loans from financial institutions	**8,396**	5,581	**8,364**	5,581
Pension loans	**17,714**	19,590	**17,714**	19,548
Other loans		33,703		33,646
Total	**26,110**	58,874	**26,078**	58,775
Loans from financial institutions include a debt to subsidiaries on the Group bank account			**33,024**	27,136
Liabilities of companies included in inventories from sources outside the Group		26,773		26,773

20. CURRENT LIABILITIES

	CONSOLIDATED 1999	1998	PARENT COMPANY 1999	1998
Liabilities to Group companies				
Accounts payable			**2,988**	3,039
Other liabilities			**1,238**	2,543
Accrued liabilities and prepaid income			**130**	114
Total			**4,356**	5,696
Liabilities to associated companies				
Other liabilities	**682**	188	**682**	188
Total	**682**	188	**682**	188

21. EFFECT OF PARTIAL RECOGNITION OF PROJECTS ON BALANCE SHEET ITEMS

	CONSOLIDATED 1999	1998	PARENT COMPANY 1999	1998
Inventories/Work in progress	**323,544**	320,771	**234,329**	187,649
Less: partial recognition of income	**290,830**	282,761	**211,679**	166,342
Work in progress entered in the balance sheet	**32,714**	38,010	**22,650**	21,307
Liabilities/Advances received	**454,816**	358,269	**302,171**	203,202
Less: partial recognition of income	**411,104**	315,830	**277,192**	182,156
Advances received entered in the balance sheet	**43,712**	42,439	**24,979**	21,046

Accrued liabilities and prepaid income result primarily from the periodization of the uninvoiced order backlog.

22. CONTINGENT LIABILITIES

	CONSOLIDATED 1999	1998	PARENT COMPANY 1999	1998
Mortgages given as security of loans, total	**65,699**	101,924	**52,180**	75,584
Mortgages for own debts are mainly given as security of pension loans				
Shares pledged as security of loans, total	**9,885**	23,913	**9,862**	23,115
Collateral given on behalf of others				
Securities pledged	**942**	942	**942**	942
Pension liabilities are entered in the balance sheet under long-term pension loans.				
Leasing commitments				
Payable during the current financial year	**2,316**	669	**185**	105
Payable in subsequent years	**5,309**	2,295	**444**	400
Total	**7,625**	2,964	**629**	505
Other commitments				
Repurchase commitments to financial companies for contract receivables sold	**21,571**	27,769	**21,218**	27,769
Other commitments	**241**		**241**	
Total	**21,812**	27,769	**21,459**	27,769
Guarantees				
On behalf of Group companies			**69,912**	59,898
On behalf of associated companies	**1,226**	798	**1,226**	798
On behalf of others	**4,856**	1,930	**4,856**	1,584
Total	**6,082**	2,728	**75,994**	62,280
Mortgages given by companies held in inventories				
For debts of Group companies	**2,355**	2,355	**2,355**	2,355
Derivative contracts				
Foreign currency forward contracts				
Going value	**28,385**	26,418	**27,225**	17,776
Value of underlying assets	**29,021**	26,244	**27,857**	17,616

23. SHARES AND PARTICIPATIONS

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

*) Subgroup figures are not included in the total

Name	Group's holding, %	Number of shares	Nominal value		Book value EUR 1,000	Group's share of equity EUR 1,000	Profit/ loss EUR 1,000
SHARES IN ASSOCIATED COMPANIES, OWNED BY THE PARENT COMPANY							
Kiinteistö Oy Panuntie 6, Helsinki	43.75	3,046	FIM	30	917	4,478	0
Kiinteistö Oy Juronaki, Rovaniemi	27.76	349	FIM	100	146	165	0
Arabian Finnish Contracting and Maintenance Co Ltd, Saudi Arabia	49.00	2,450	SAR	2,450	571	663	17
Oy Botnia Mill Service Ab	40.00	2,400	FIM	2,400	404	404	179
Finn-Stroi Oy, Helsinki	31.56	1,010	FIM	10	0	4	9
Total					**2,038**		
SHARES OWNED BY THE PARENT COMPANY AND PARTICIPATIONS IN OTHER COMPANIES							
E. Hiltunen Oy, Helsinki	4.70	4,765	FIM	95	96		
Oy Datacity Center, Turku	3.29	1,000	FIM	100	17		
Kiinteistö Oy Joensuun Sepänahjo, Joensuu	14.96	1,515	FIM	3	128		
As Oy Jyväskylänkatu 4, Jyväskylä		81			40		
Helsinki Exchanges Group Ltd Oy, Helsinki		24,400			25		
OKR-Liikkeeseenlaskijat Osuuskunta, Helsinki		6	FIM	120	20		
Finnish Central Securities Depository Ltd, Helsinki		2	FIM	140	24		
PPTH Steelmanagement Oy, Peräseinäjoki	19.00	10,070	EUR	50	8		
Rautaruukki Corporation, Oulu		198,160	FIM	1,982	747		
Shares and participations in housing and real-estate corporations					436		
Shares and participations in telephone companies					145		
Other shares and participations, total					1,426		
Total					**3,112**		
SHARES OWNED BY THE SUBSIDIARIES AND PARTICIPATIONS IN OTHER COMPANIES							
Shares in housing and real-estate corporations					901		
Shares and participations in telephone companies					64		
Other shares and participations, total					73		
Total					**1,038**		

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

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

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

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

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

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

Helsinki, February 10, 2000

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

The above financial statements have been prepared in accordance with generally accepted accounting principles in Finland. We have today submitted the report of the audit carried by us.

Helsinki, February 15, 2000

Pekka Nikula
Authorized Public Accountant

SVH Pricewaterhouse Coopers Oy
APA firm
Kimmo Rautvuori
Authorized Public Accountant

AUDITORS' REPORT

To the shareholders of YIT Corporation

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

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

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

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

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

Helsinki, February 15, 2000

Pekka Nikula
Authorized Public Accountant

SVH Pricewaterhouse Coopers Oy
APA firm
Kimmo Rautvuori
Authorized Public Accountant

STATEMENT BY THE SUPERVISORY BOARD

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

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

Helsinki, February 16, 2000

SUPERVISORY BOARD

Asmo Kalpala
Iiro Viinanen
Ilkka Brotherus
Mikko Kivimäki
Antti Tanskanen
E.J. Toivanen

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